

**SCHOOL DISTRICT OF  
WARREN COUNTY VOCATIONAL-TECHNICAL**

**Warren County Vocational-Technical School District  
(a component unit of the County of Warren)  
Washington, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual  
Financial Report**

**of the**

**Warren County Vocational-Technical School District  
Board of Education**

**(a component unit of the County of Warren)**

**Washington, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

**Warren County Vocational-Technical School District  
Business Office**

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
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**INTRODUCTORY SECTION**

# WARREN COUNTY TECHNICAL SCHOOL DISTRICT

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November 26, 2012

The Honorable President and Members of  
 the Board of Education  
 Warren County Vocational-Technical School District  
 County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Warren County Vocational-Technical School District (the "District") for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Warren County Vocational-Technical School District ("WCTS") is a component unit of the County of Warren within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Warren County Vocational-Technical School District and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 9 through 12. In addition, adult students may enroll in full time post-secondary programs. These include HVAC, Cosmetology, and LPN training. Programs are available for both regular and special education students. The District completed the 2011-12 school year with an enrollment of 456 students in grades 9 through 12. The following table details the changes in student enrollment in grades 9 through 12 over the last fifteen years.

The Honorable President and Members of  
the Board of Education  
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1) REPORTING ENTITY AND ITS SERVICES (Cont'd.):

Average Daily Enrollment - Grades 9-12 Only

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Attendance Rate</u>
1997-1998	377.1	346.1	91.8%
1998-1999	383.4	353.2	92.1%
1999-2000	411.8	374.3	90.9%
2000-2001	401.7	367.2	91.4%
2001-2002	483.0	455.2	94.2%
2002-2003	336.8	314.6	93.4%
2003-2004	353.8	332.0	93.8%
2004-2005	404.5	382.9	94.7%
2005-2006	409.0	380.0	92.9%
2006-2007	417.0	395.4	94.8%
2007-2008	446.0	400.0	89.7%
2008-2009	429.2	407.6	94.9%
2009-2010	441.2	415.2	94.1%
2010-2011	454.7	429.7	94.5%
2011-2012	443.1	420.6	94.9%

2) MAJOR INITIATIVES: WCTS will increase secondary and post-secondary student enrollments next year. We will continue to develop earned credit (articulation) agreements with Warren County Community College in the Fall of 2012. An Associates Degree in Automotive Technology is now available and, in the very near future, a Hospitality and Tourism degree. One of the District's technological accomplishments is the continued growth of WCTECH while reducing overhead. WCTECH, a consortium spearheaded by Warren County Vocational-Technical School District, presently represents educational institutions, municipal governments, and nonprofit organizations that receive their Internet service through the District. This technological advantage will prepare all students to meet the challenges of the new millennium by infusing technology into all curricula.

Warren County Vocational-Technical School District is extremely aggressive in applying for and receiving various grants from numerous sources including Perkins and the Department of Labor and Workforce Development. A Youth Transition to Work application is pending for the upcoming school year. Funding received is utilized by adults as well as secondary students. In addition, most grants are pursued in consortium with other schools in the County in which they also derive benefit of the funding.

The District has cooperated with Warren County Community College, NJIT and UMDNJ and surrounding schools to develop articulation agreements. These agreements were developed utilizing grant funds which were successful and now blends with the Career Pathway initiative. At present WCTS, in its the partnerships with WCCC, NJIT and UMDNJ affords students the opportunity to earn college credits. These credits will be carried forward on their college transcript at no cost. The Technical School has increased the pre-school capability to the newly formed Child Development Program. This program focuses on preparing young students for careers in early childhood education and provides a needed community service. Families that cannot afford fulltime day care can receive temporary assistance a few days each week. The program meets all parameters established by the New Jersey Department of Education when defining an occupational training program.

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**2.) MAJOR INITIATIVES (Cont'd):** WCTS continues to enhance the vocational career academy model by reorganizing existing Career Technical Education programs. Utilizing a cluster approach, students are encouraged to explore career areas with similar themes. The new sequence of courses will integrate academic, vocational, and technical instruction and utilize work-based and worksite learning. Structured learning experiences are encouraged for all students.

The program will build students' competence in mathematics, science, reading, writing, communications, and workplace skills through applied, contextual academics, and integrated instruction in a coherent sequence of courses developed and defined by an advisory team of educators and business professionals representing all stakeholders. Free after school tutoring and in-class support will be provided to assist students with elevating academic achievement.

## **CAREER ACADEMY OPTIONS**

### **BUILDING TRADES**

The overall goal of the program is to create a solid foundation of knowledge in Carpentry and Construction Trades to include ancillary programs of study. These additional courses will support an individual's career aspirations at Tech. Electrical Applications will introduce Building Trades students to AC/DC current, wiring, and theory to support both residential and commercial construction. Computer Assisted Drafting ("CAD") will give students the basics of creating and interpreting blueprint design. Welding will offer students the opportunity to learn welding and construction techniques essential to becoming a carpenter apprentice. The carpentry curriculum will include all basic framing concepts that will culminate with a student construction project. Students are still able to select a career major that will be enhanced with a different ancillary program each year. Example: Carpentry is a major field of study...all Carpentry students will take one year of Electrical Applications, CAD, Welding, and, most importantly, Business Management.

Carpentry  
 Electrical Applications  
 Computer Assisted Drafting  
 Welding  
 \*Business Management

\* Indicates a required semester of study for graduation in the above career majors

### **ENGINEERING**

The Engineering academy will focus on providing career major Engineering students with a background in Building Trades. In addition, all students in Automotive Technology, Engineering, and Electronics will receive a year of instruction in CAD. It is essential that the pairing of Engineering and Automotive Technology utilize and integrate CAD. A benefit of this scheduling will be the addition of a one-period Auto Tech class for students who have not selected Auto Tech as a career major. They can now experience basic auto repair for common problems with cars and trucks that they may encounter later on in life. Welding instruction, which will be brought to the students again through ancillary coursework, will support the framework for all future construction initiatives. The Business Management portion of their experience at the District will focus on introductory business procedures as well as basic accounting that could lead to entrepreneurship.

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### **ENGINEERING ACADEMY** (Cont'd)

Automotive Technology  
 Engineering Design & C.A.D.  
 Electronics Technology  
 \*Electrical Applications  
 \*Welding  
 \*Business Management

\* Indicates a required semester of study for graduation in the above career majors

### **ARTS FOR THE TRADES**

The integration of art into all career specific programs will satisfy the graduation requirement. The individual career academies listed below already include an art component. In the very near future we anticipate students having the opportunity to explore each others' disciplines. To identify a common creative bond between them will allow students to experience many different aspects of creativity. The mainstay of this initiative will discover a commonality between a student's major career area, such as Graphics and Cosmetology, Hospitality, TV, or Theater Arts. The integration of advanced fine art classes will permit students to develop specific skill sets necessary in their related fields. These ancillary programs of the Fine Arts and Business Management will, without a doubt, enhance the individual's career potential. Their future aspirations and employability will culminate as a well-versed polished graduate.

Theater Arts  
 Cosmetology  
 Hospitality and Tourism  
 TV / Communications  
 Graphic Arts  
 \*Business Management

\*Indicates a required semester of study for graduation in the above career majors

### **HEALTH SCIENCE / LAW & PUBLIC SAFETY / FIRE SCIENCE**

The Health Science / Law & Public Safety Academy are within itself a plethora of community service opportunities waiting to happen. Application has been made to the State for a much needed addition in Fire Science. This will be another opportunity for us to partner with WCCC and the Warren County Fire Academy. It has come to our attention that the applicant pool for volunteer fire fighters needed to be reinvigorated. Where better to start then with our graduating seniors and offer them a laudable career option and community service. WCTS will soon come to be known as a "Full-Service Community School". With the addition of the Health Occupations component, we will be in full compliance regarding CIP codes. The Health Careers program will complement the new Child Development program in assessing with child nutrition, health and well-being. Tech is looking to have students utilize specific skill sets to aid the community in many ways. The supplemental training for Law & Public Safety and Child Development sophomores will definitely enhance their employability. Law Enforcement officers from various departments are assisting students as they complete their proficiency training. From clinic work to daycare for college students, tech students will be thorough and efficient through proper ancillary training utilizing a certified RN, BSN, MSN instructors and a former police chief on staff. In addition, students will be given business management coursework to aid in the proper development and maintenance of a facility.

The Honorable President and Members of  
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### **HEALTH SCIENCE & SAFETY ACADEMY** (Cont'd)

Health Occupations  
 Child Development  
 \*Business Management  
 Law & Public Safety

\*Indicates a required semester of study for graduation in the above career majors

The Warren County Adult Basic Skills Program continues to provide educational programs that enhance adult education and literacy in Warren County. We are focusing on increasing the numbers of adults served, exploring alternatives to acquiring a high school diploma, and reviewing the need to identify appropriate standards for adult high school programs on an on-going basis.

Throughout 2011-2012, at various sites throughout our County, we offered programs designed to elevate workplace literacy, family literacy, English literacy, and adult education that have once again led to increased accessibility, increased enrollment, expanded diversity, improved equity, increased professional development, and enhanced student achievement. Through our successful partnerships, the Warren County Adult Basic Skills Program was once again able to ensure that members of at-risk populations are prepared to succeed as responsible, productive citizens in a global society. This has made a significant impact through our extensive work with the Phillipsburg, New Jersey area, Warren County's only "Abbott district".

While accomplishing our mission, the Warren County Adult Basic Skills Program provided a core program of instruction of adult basic skills to a record number of clients during the 2011-2012 school year.

**3) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to federal and state award programs, as well as to determine that the District has complied with applicable laws and regulations.

**4) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County Board of School Estimate, which consists of three Warren County freeholders and two Warren County Vocational-Technical School Board members. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

The Honorable President and Members of  
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An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and /or assignments at June 30, 2012.

**5) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

**6) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

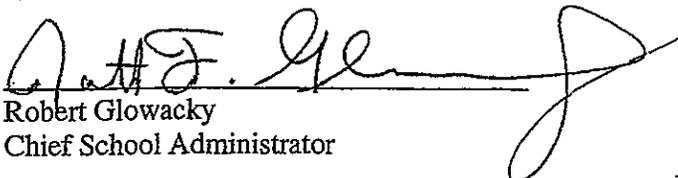
**7) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, workers' compensation and fidelity bonds. Willis Group of New Jersey, Inc oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

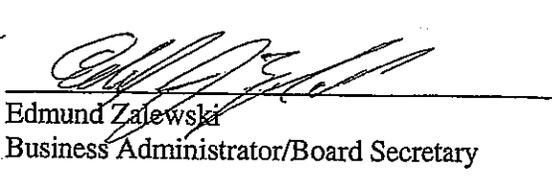
The Board is a member of the New Jersey School Boards' Association Insurance Group (the "Group"). The Group is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

**8) OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

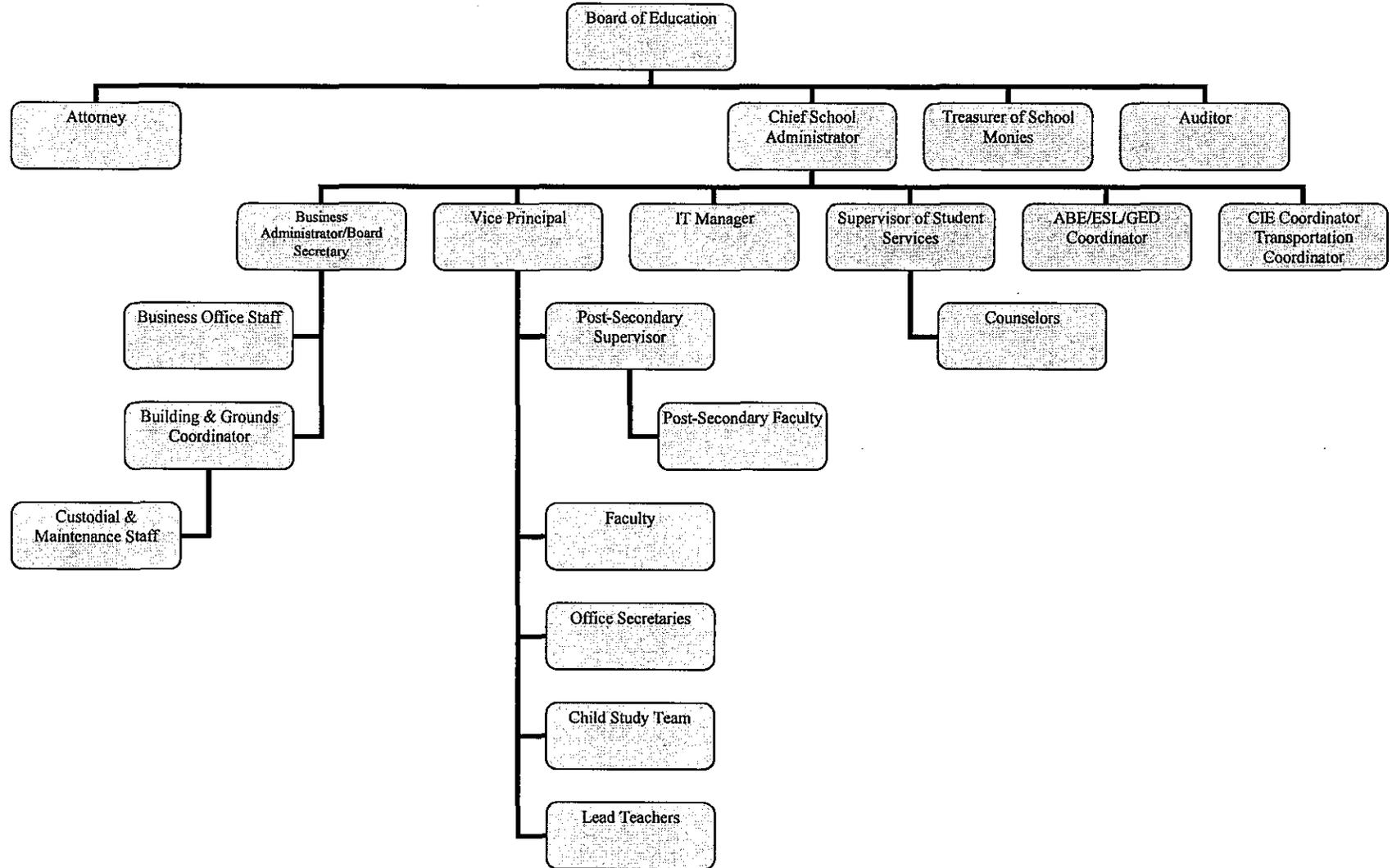
**9) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Warren County Vocational-Technical School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

  
 Robert Glowacky  
 Chief School Administrator

  
 Edmund Zalewski  
 Business Administrator/Board Secretary

# Warren County Technical School



**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
David Shotwell, President	2015
Ellen Johnson, Vice President	2013
Rosalie Lamonte	2014
Vacant	2014
Gus Rutledge	2012

<u>Other Officers</u>	<u>Title</u>
Robert Glowacky	Chief School Administrator
Edmund Zalewski	Board Secretary/School Business Administrator
Paula Hatch	Treasurer of School Monies

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**Consultants and Advisors**

**Audit Firm**

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Whippany, NJ 07981

**Official Depositories**

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305 Roseberry Street  
Phillipsburg, NJ 08865-5360

Team Capital  
190 Roseberry Street  
Phillipsburg, NJ 08865

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Warren County Vocational-Technical School District  
 County of Warren, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District, a component unit of the County of Warren, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School District, a component unit of the County of Warren, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2012 on our consideration of the Board of Education of the Warren County Vocational-Technical School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

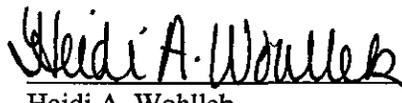
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Warren County Vocational-Technical School District's financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

November 26, 2012  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(UNAUDITED)**

## Management’s Discussion and Analysis (Unaudited)

This section of Warren County Vocational-Technical School District’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

### Financial Highlights

- The District’s financial status improved on a District wide basis.
- Overall revenue was \$9.86 million.

### Overview of the Financial Statements

This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

#### Organization of the School District’s Financial Report

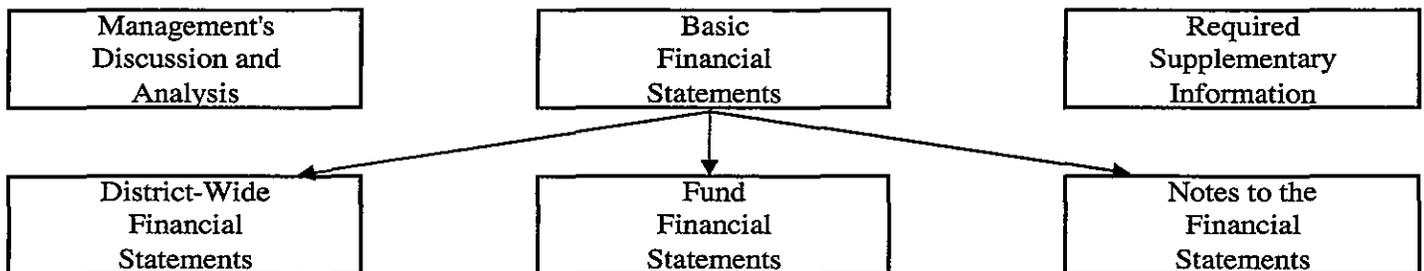


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, internet access and restaurant	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. County taxes and state formula aid and grants finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, internet access and restaurant enterprise funds are included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*Notes to Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

### Financial Analysis of the District as a Whole

*Net Assets.* The District's combined net assets increased by \$536,530. Net assets from governmental activities increased by \$600,277 and net assets from business-type activities decreased by \$63,747. Net assets invested in capital assets increased by \$953,033 due to capital acquisitions of \$1,463,465 offset by current year depreciation expense of \$473,056 and a new capital lease of \$37,376 (net of capital lease principal payment of \$2,189). Restricted net assets decreased by \$720,350 due to a net decreases in the capital reserve of \$400,315 and maintenance reserve of \$320,035. Unrestricted net assets increased by \$303,847 primarily due to \$13,641 in unexpended General Fund budget appropriations net of funds assigned for encumbrances and an increase in year end encumbrances of \$572,429; offset by a deficit in local sources revenue primarily for tuition of \$226,214, and an increase in compensated absences of \$53,731.

Figure A-3

#### Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Current and							
Other Assets	\$ 2,249,827	\$ 1,916,698	\$ 150,826	\$ 74,532	\$ 2,400,653	\$ 1,991,230	-17.05%
Capital Assets	9,800,914	10,784,611	7,856	14,568	9,808,770	10,799,179	10.10%
Total Assets	<u>12,050,741</u>	<u>12,701,309</u>	<u>158,682</u>	<u>89,100</u>	<u>12,209,423</u>	<u>12,790,409</u>	4.76%
Other Liabilities	263,125	222,309	11,351	5,516	274,476	227,825	-17.00%
Other Long-Term							
Debt	142,689	233,796			142,689	233,796	63.85%
Total Liabilities	<u>405,814</u>	<u>456,105</u>	<u>11,351</u>	<u>5,516</u>	<u>417,165</u>	<u>461,621</u>	10.66%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt	9,800,914	10,747,235	7,856	14,568	9,808,770	10,761,803	9.72%
Restricted	1,347,025	626,675			1,347,025	626,675	-53.48%
Unrestricted	<u>496,988</u>	<u>871,294</u>	<u>139,475</u>	<u>69,016</u>	<u>636,463</u>	<u>940,310</u>	47.74%
Total Net Assets	<u>\$ 11,644,927</u>	<u>\$ 12,245,204</u>	<u>\$ 147,331</u>	<u>\$ 83,584</u>	<u>\$ 11,792,258</u>	<u>\$ 12,328,788</u>	4.55%

*Changes in Net Assets.* The District's combined net assets were \$12,328,788 on June 30, 2012 (See Figure A-3).

Figure A-4

## Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 1,534,032	\$ 1,550,192	\$ 131,426	\$ 116,469	\$ 1,665,458	\$ 1,666,661	0.07%
Operating Grants and Contributions	1,140,390	1,343,568	62,176	76,092	1,202,566	1,419,660	18.05%
<b>General Revenue:</b>							
Property Taxes	3,995,172	3,995,172			3,995,172	3,995,172	0.00%
Federal and State Aid	2,532,518	2,665,682			2,532,518	2,665,682	5.26%
Other	73,548	113,833	179	6	73,727	113,839	54.41%
<b>Total Revenue</b>	<b>9,275,660</b>	<b>9,668,447</b>	<b>193,781</b>	<b>192,567</b>	<b>9,469,441</b>	<b>9,861,014</b>	<b>4.14%</b>
<b>Expenses:</b>							
Instruction	4,304,311	4,429,770			4,304,311	4,429,770	2.91%
Pupil and Instruction Services	674,590	710,375			674,590	710,375	5.30%
Administrative and Business	1,310,052	1,413,311			1,310,052	1,413,311	7.88%
Maintenance and Operations	1,002,682	940,738			1,002,682	940,738	-6.18%
Transportation	573,661	540,480			573,661	540,480	-5.78%
Special Schools	689,544	705,868			689,544	705,868	2.37%
Capital Outlay	36,220	19,994			36,220	19,994	-44.80%
Other	364,911	364,991	188,883	198,957	553,794	563,948	1.83%
<b>Total Expenses</b>	<b>8,955,971</b>	<b>9,125,527</b>	<b>188,883</b>	<b>198,957</b>	<b>9,144,854</b>	<b>9,324,484</b>	<b>1.96%</b>
Residual Equity Transfer		57,357		(57,357)			0.00%
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 319,689</b>	<b>\$ 600,277</b>	<b>\$ 4,898</b>	<b>\$ (63,747)</b>	<b>\$ 324,587</b>	<b>\$ 536,530</b>	<b>65.30%</b>

*Revenue Sources.* The District's total revenue for the 2011/12 school year was \$9,861,014. (See Figure A-5). Property taxes accounted for a substantial portion of the District's revenue, with the County Tax Levy accounting for \$3,995,172 of the total, or 40.52 percent. Another 41.43 percent came from state and federal aid for specific programs and state formula aid with the remainder from other sources and charges for services and tuition.

Figure A-5

## Sources of Revenue for Fiscal Year 2012

	Amount	Percentage
<b>Sources of Income:</b>		
Grants and Contributions	\$ 1,419,660	14.40%
County Tax Levy	3,995,172	40.52%
Unrestricted Federal and State Aid	2,665,682	27.03%
Charges for Services	1,666,661	16.90%
Other	113,839	1.15%
	<b>\$ 9,861,014</b>	<b>100.00%</b>

The total cost of all programs and services was \$9,324,484. The District's expenses are predominantly related to instructing, caring for (pupil services), transporting and special schools (68.50 percent). (See Figure A-6). The District's administrative and business activities accounted for 15.15 percent of total costs. The most significant contributor to the cost of maintenance and operations was higher fuel costs. It is important to note that depreciation is included in other expenses for the year; expenses therefore include \$473,056 in depreciation.

**Figure A-6**  
**Expenses for Fiscal Year 2012**

Expense Category:	Amount	Percentage
Instruction	\$ 4,429,770	47.51%
Pupil and Instruction Services	710,375	7.62%
Administrative and Business	1,413,311	15.15%
Maintenance and Operations	940,738	10.09%
Transportation	540,480	5.80%
Special Schools	705,868	7.57%
Capital Outlay	19,994	0.21%
Other	563,948	6.05%
	<u>\$ 9,324,484</u>	<u>100.00%</u>

***Governmental Activities***

Careful management of expenses remains essential for the District to sustain its financial health. Among the significant cost savings realized during the year through the judicious use of budgeted funds were:

- Continued updating of the original HVAC system to high efficiency gas based system.
- Reduction in electrical usage by installing occupancy sensors throughout the building.
- Increased oversight of purchases to eliminate non-essential items.
- Utilization of co-op programs for supplies and utilities has resulted in a cost savings for the district.

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of the major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, special schools, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**

**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2010/11	2011/12	2010/11	2011/12
Instruction	\$ 4,304,311	\$ 4,429,770	\$ 2,930,646	\$ 2,937,086
Pupil and Instruction Services	674,590	710,375	475,652	387,596
Administrative and Business	1,310,052	1,413,311	1,069,218	1,144,510
Maintenance and Operations	1,002,682	940,738	858,515	804,845
Transportation	573,661	540,480	468,868	462,406
Special Schools	689,544	705,868	77,519	110,339
Capital Outlay	36,220	19,994	36,220	19,994
Other	364,911	364,991	364,911	364,991
	<u>\$ 8,955,971</u>	<u>\$ 9,125,527</u>	<u>\$ 6,281,549</u>	<u>\$ 6,231,767</u>

- The cost of all governmental activities this year was \$9.13 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$1.34 million).
- A portion of governmental activities was financed with \$2.67 million in state aid based on the CEIFA formula and federal aid.
- Approximately 44% of the District's costs (\$4.0 million) were financed with the County Tax Levy.
- The remainder of the funding came from tuition, miscellaneous revenue, and charges for services (\$1.66 million).

### Business-Type Activities

Net assets from the District's business-type activities decreased by \$63,747. (Refer to Figure A-4). Factors contributing to these results included:

- Residual equity transfer of \$57,357 from Internet Access Fund to the General Fund due to the close-out of the account and \$731 in current year depreciation expense.
- Additionally, the Restaurant Fund had a decrease in net assets of \$7,131 due to a deficit of revenue over expenditures.

### Financial Analysis of the District's Funds

Difficult economic times have had a direct impact upon the District's revenue sources. Increased benefit and utility costs have resulted in a strained budget that has required changes in how the District develops its budget. Except for the slight decrease in the current fiscal year, the District's enrollment has been increasing steadily overall. The District is continuing to improve its facilities and looking for creative use of under-utilized space.

The District must continue to practice sound fiscal management since these factors are expected to continue for the foreseeable future.

### Budgetary Highlights

- The business office continues to look for areas to reduce costs and increase revenue to offset the implications of the recurring flat funding.
- The District has increased the number of post secondary students that it can accept by adding January sessions.
- The District has reduced energy costs by implementation of new HVAC systems and lighting controls.

### Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Sites	\$ 174,251	\$ 174,251			\$ 174,251	174,251	0.00%
Site Improvements	194,298	173,322			194,298	173,322	-10.80%
Buildings and Building Improvements	8,465,388	9,562,526			8,465,388	9,562,526	12.96%
Machinery and Equipment	966,977	874,512	\$ 7,856	\$ 14,568	974,833	889,080	-8.80%
	<u>\$ 9,800,914</u>	<u>\$ 10,784,611</u>	<u>\$ 7,856</u>	<u>\$ 14,568</u>	<u>\$ 9,808,770</u>	<u>\$ 10,799,179</u>	10.10%

## Long-term Debt

At year-end, the District had \$233,796 of long term liabilities – an increase of \$91,107 due to net accruals in compensated absences of \$53,731 and an increase in capital leases payable of \$37,376 – as shown in Figure A-9. The County of Warren is responsible for the issuance and repayment of long-term debt in the form of bonds.

**Figure A-9**

### Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2010/11	2011/12	
Other Long-Term Debt	\$ 142,689	\$ 233,796	63.85%
	<u>\$ 142,689</u>	<u>\$ 233,796</u>	63.85%

### Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following existing conditions that could significantly affect its financial health in the future:

- New state regulations continue to have a huge impact on District spending and budgeting.
- Collaboration with the County College will increase rental income along with additional support for equipment.
- More aggressive collection activity for outstanding balances will result in increased cash flow.
- Uncertainty of future grant amounts may impact the amount of aid that the District receives.
- Implementation of the tiered health care system will impact the amount the District pays for benefits.
- Flat funding has constrained budget expenditures.

### Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 1500 Route 57, Washington, New Jersey 07882.

**BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

Exhibit A-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 947,981	\$ 14,229	\$ 962,210
Internal Balances	(47,484)	47,484	
Interfund Receivables	15,651		15,651
Receivables From State Government	8,641	51	8,692
Receivables From Federal Government	94,988	8,282	103,270
Receivables from Other Governments	186,415		186,415
Other Receivables	70,934		70,934
Prepaid Expenses	12,897		12,897
Inventories		4,486	4,486
Restricted Assets:			
Capital Reserve Account - Cash	551,190		551,190
Maintenance Reserve Account - Cash	75,485		75,485
Capital Assets, Net			
Sites (Land)	174,251		174,251
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	10,610,360	14,568	10,624,928
Total Assets	<u>12,701,309</u>	<u>89,100</u>	<u>12,790,409</u>
<b>LIABILITIES</b>			
Accounts Payable	124,624	4,340	128,964
Payable to State Government	3,913		3,913
Payable to Federal Government	26,882		26,882
Deferred Revenue	66,890	1,176	68,066
Noncurrent Liabilities:			
Within One Year	6,269		6,269
Due Beyond One Year	227,527		227,527
Total Liabilities	<u>456,105</u>	<u>5,516</u>	<u>461,621</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	10,747,235	14,568	10,761,803
Restricted for:			
Capital Projects	551,190		551,190
Other Purposes	75,485		75,485
Unrestricted	871,294	69,016	940,310
Total Net Assets	<u>\$ 12,245,204</u>	<u>\$ 83,584</u>	<u>\$ 12,328,788</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$ 2,265,252	\$ 328,734	\$ 330,327	\$ (1,606,191)		\$ (1,606,191)
Vocational Education Instruction	1,963,984	283,706	503,850	(1,176,428)		(1,176,428)
School Sponsored/Other Instruction	200,534	28,968	17,099	(154,467)		(154,467)
<b>Support Services:</b>						
Student & Instruction Related Services	710,375	102,617	220,162	(387,596)		(387,596)
General Administrative Services	459,292	66,347	19,544	(373,401)		(373,401)
School Administrative Services	432,545	62,483	31,940	(338,122)		(338,122)
Central Services	292,383	42,236	13,158	(236,989)		(236,989)
Administrative Information Technology	229,091	33,093		(195,998)		(195,998)
Plant Operations and Maintenance	940,738	135,893		(804,845)		(804,845)
Pupil Transportation	540,480	78,074		(462,406)		(462,406)
Special Schools	705,868	388,041	207,488	(110,339)		(110,339)
Capital Outlay	19,994			(19,994)		(19,994)
Unallocated Depreciation	364,991			(364,991)		(364,991)
<b>Total Governmental Activities</b>	<b>9,125,527</b>	<b>1,550,192</b>	<b>1,343,568</b>	<b>(6,231,767)</b>		<b>(6,231,767)</b>
<b>Business-Type Activities:</b>						
Internet Access	731				\$ (731)	(731)
Restaurant	20,715	13,584			(7,131)	(7,131)
Food Service	177,511	102,885	76,092		1,466	1,466
<b>Total Business-Type Activities</b>	<b>198,957</b>	<b>116,469</b>	<b>76,092</b>		<b>(6,396)</b>	<b>(6,396)</b>
<b>Total Primary Government</b>	<b>\$ 9,324,484</b>	<b>\$ 1,666,661</b>	<b>\$ 1,419,660</b>	<b>(6,231,767)</b>	<b>(6,396)</b>	<b>(6,238,163)</b>

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues and Other Special Items:						
Taxes:						
				\$ 3,995,172		\$ 3,995,172
				2,665,682		2,665,682
				9,768	\$ 6	9,774
				104,065		104,065
				57,357	(57,357)	
				<u>6,832,044</u>	<u>(57,351)</u>	<u>6,774,693</u>
				600,277	(63,747)	536,530
				<u>11,644,927</u>	<u>147,331</u>	<u>11,792,258</u>
				<u>\$ 12,245,204</u>	<u>\$ 83,584</u>	<u>\$ 12,328,788</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 947,981		\$ 947,981
Interfund Receivable	45,306		45,306
Receivables From State Government		\$ 8,641	8,641
Receivables From Federal Government	12,082	82,906	94,988
Receivables From Other Governments	186,415		186,415
Other Receivables	70,934		70,934
Prepaid Expenses	12,897		12,897
Restricted Cash and Cash Equivalents	626,675		626,675
	\$ 1,902,290	\$ 91,547	\$ 1,993,837
<b>Total Assets</b>			
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable	\$ 47,484	\$ 29,655	\$ 77,139
Accounts Payable	102,902	21,722	124,624
Payable to State Government		3,913	3,913
Payable to Federal Government		26,882	26,882
Deferred Revenue	57,515	9,375	66,890
	207,901	91,547	299,448
<b>Total Liabilities</b>			
<b>Fund Balances:</b>			
<b>Restricted:</b>			
Capital Reserve	551,190		551,190
Maintenance Reserve	75,485		75,485
<b>Assigned:</b>			
Other Purposes	962,093		962,093
Unassigned	105,621		105,621
	1,694,389		1,694,389
<b>Total Fund Balances</b>			
<b>Total Liabilities and Fund Balances</b>	\$ 1,902,290	\$ 91,547	

Amounts Reported for Governmental Activities in the Statement of  
Net Assets (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and  
Therefore are not Reported in the Funds. The Cost of the Assets is \$15,745,092  
and the Accumulated Depreciation is \$4,960,481.

10,784,611

Long-Term Liabilities, Including Compensated Absences and Capital Leases, are not due and  
Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.

(233,796)

Net Assets of Governmental Activities

\$ 12,245,204

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-2

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
<b>REVENUES:</b>			
Local Sources:			
County Tax Levy	\$ 3,995,172		\$ 3,995,172
Tuition from LEA's	1,162,151		1,162,151
Other Tuition	388,041		388,041
GED Testing Center Fees	9,620		9,620
Interest Earned on Capital Reserve Funds	2,890		2,890
Unrestricted Miscellaneous Revenues	101,323	\$ 3,300	104,623
<b>Total - Local Sources</b>	<b>5,659,197</b>	<b>3,300</b>	<b>5,662,497</b>
State Sources	3,463,528	31,225	3,494,753
Federal Sources	102,055	409,142	511,197
<b>Total Revenues</b>	<b>9,224,780</b>	<b>443,667</b>	<b>9,668,447</b>
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular Instruction	1,471,050	121,871	1,592,921
Vocational Education Instruction	1,267,569	72,708	1,340,277
School-Sponsored/Other Instruction	147,068		147,068
Support Services and Undistributed Costs:			
Student and Other Instruction Related Services	474,885	72,047	546,932
General Administration Services	396,168		396,168
School Administration Services	306,068		306,068
Central Services	213,385		213,385
Administrative Information Technology	209,169		209,169
Plant Operations and Maintenance	833,317		833,317
Student Transportation	540,480		540,480
Unallocated Benefits	1,919,154		1,919,154
Capital Outlay	1,441,807	106	1,441,913
Special Schools	393,895	176,935	570,830
<b>Total Expenditures</b>	<b>9,614,015</b>	<b>443,667</b>	<b>10,057,682</b>
<b>Deficit of Revenue Under Expenditures</b>	<b>(389,235)</b>		<b>(389,235)</b>
Other Financing Sources:			
Residual Equity Transfer - Operating - Internet Access	57,357		57,357
Capital Leases (Non-budgeted)	39,565		39,565
<b>Total Other Financing Sources</b>	<b>96,922</b>		<b>96,922</b>
<b>Net Change in Fund Balances</b>	<b>(292,313)</b>		<b>(292,313)</b>
Fund Balance - July 1	1,986,702		1,986,702
Fund Balance - June 30	\$ 1,694,389	\$ -0-	\$ 1,694,389

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (292,313)

Amounts Reported for Governmental Activities in the Statement  
of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (469,992)	
Capital Outlays	<u>1,453,689</u>	983,697

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (53,731)

Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and not reported in the Statement of Activities. (39,565)

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. 2,189

Change in Net Assets of Governmental Activities (A-2) \$ 600,277

Exhibit B-4

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 14,229
Interfund Receivable - General Fund	47,484
Intergovernmental Accounts Receivable:	
State	51
Federal	8,282
Inventories	4,486
	74,532
Total Current Assets	74,532
Non-Current Assets:	
Capital Assets	19,217
Less: Accumulated Depreciation	(4,649)
	14,568
Total Non-Current Assets	14,568
Total Assets	89,100
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	4,340
Deferred Revenue	1,176
	5,516
Total Liabilities	5,516
<u>NET ASSETS:</u>	
Invested in Capital Assets	14,568
Unrestricted	69,016
	83,584
Total Net Assets	\$ 83,584

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 63,680
Daily Sales - Non-Reimbursable Programs	39,118
Program Fees	13,584
Miscellaneous Revenue	87
	116,469
Total Operating Revenue	
Operating Expenses:	
Cost of Sales	112,997
Salaries and Employee Benefits	59,782
Other Purchased Services	8,686
Supplies and Materials	1,373
Miscellaneous Expenditures	13,055
Depreciation Expense	3,064
	198,957
Total Operating Expenses	
Operating Loss	(82,488)
Non-Operating Revenue:	
Local Sources:	
Interest Income	6
State Sources:	
State School Lunch Program	1,758
Federal Sources:	
National School Lunch Program	51,189
National School Breakfast Program	8,376
Food Distribution	14,769
	76,098
Total Non-Operating Revenue	
Net Loss Before Transfers	(6,390)
Transfers:	
Residual Equity Transfer to General Fund - Internet Access	(57,357)
	(57,357)
Total Transfers	
Change in Net Assets	(63,747)
Net Assets - Beginning of Year	147,331
Net Assets - End of Year	\$ 83,584

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 116,469
Payments to/for Employees	(59,782)
Payments to Suppliers	(126,402)
	(69,715)
Net Cash Used for Operating Activities	(69,715)
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(9,776)
	(9,776)
Net Cash Used for Capital and Related Financing Activities	(9,776)
Cash Flows from Noncapital Financing Activities:	
Residual Equity Transfer to General Fund - Internet Access	(57,357)
State Sources - Turnover from General Fund	2,606
Federal Sources - Turnover from General Fund	66,122
	11,371
Net Cash Provided by Noncapital Financing Activities	11,371
Cash Flows from Financing Activities:	
Interest Income	6
	6
Net Cash Provided by Financing Activities	6
Net Decrease in Cash and Cash Equivalents	(68,114)
Cash and Cash Equivalents, July 1	82,343
Cash and Cash Equivalents, June 30	\$ 14,229
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (82,488)
Adjustments to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	3,064
Food Distribution Program	14,769
Changes in Assets and Liabilities:	
(Decrease) in Accounts Payable	(5,757)
(Decrease) in Deferred Revenue	(78)
Decrease in Inventory	775
	775
Net Cash Used for Operating Activities	\$ (69,715)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$14,691 and utilized Commodities Valued at \$14,769.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

## Exhibit B-7

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 147,376	\$ 53,402	
Interfund Receivable - Student Activities			\$ 2,680
Total Assets	<u>147,376</u>	<u>53,402</u>	<u>2,680</u>
<u>LIABILITIES:</u>			
Interfund Payable:			
General Fund	15,651		
Scholarship Trust	2,680		
Payroll Deductions and Withholdings	46,901		
Due to Student Groups	82,144		
Total Liabilities	<u>147,376</u>		
<u>NET ASSETS:</u>			
Held in Trust for Unemployment Claims		53,402	
Restricted for Scholarships			2,680
Total Net Assets	<u>\$ -0-</u>	<u>\$ 53,402</u>	<u>\$ 2,680</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members	\$ 3,996	
Budget Appropriation	80,000	
Total Contributions	<u>83,996</u>	
Investment Earnings:		
Interest	323	
Net Investment Earnings	<u>323</u>	
Total Additions	<u>84,319</u>	
<b>DEDUCTIONS:</b>		
Quarterly Contribution Reports	225	
Unemployment Benefit Claims	30,743	
Total Deductions	<u>30,968</u>	
Change in Net Assets	53,351	
Net Assets - Beginning of the Year	<u>51</u>	\$ 2,680
Net Assets - End of the Year	<u>\$ 53,402</u>	<u>\$ 2,680</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Warren County Vocational-Technical School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of officials who are appointed by the Warren County Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Warren County Vocational-Technical School District is a component unit of the County of Warren under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria other than the County of Warren.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the County Board of School Estimate, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: Because Vocational School capital projects are authorized by the County Board of Chosen Freeholders under a bond ordinance and the subsequent debt is funded directly from the County budget, the Debt Service Fund does not apply to the Warren County Vocational-Technical School District.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund types:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates several Enterprise Funds, which comprised of the Internet Access, the Restaurant and the Food Service Funds. The Internet Access Fund was discontinued as of June 30, 2012. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis are financed or recovered primarily through user charges. None of the District's individual Enterprise Funds is a major fund.

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Payroll Agency Fund, the Private Purpose Scholarships Trust Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 1, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County Board of School Estimate, which consists of three Warren County freeholders and two Warren County Vocational-Technical School District Board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,243,466	\$ 434,160
Differences - Budget to GAAP:		
Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not.		
Current Year Encumbrances		(15,439)
Cancellation of Prior Year Encumbrances		(27)
Prior Year Encumbrances		24,973
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	273,033	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(291,719)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 9,224,780</u>	<u>\$ 443,667</u>

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

**D. Budgets/Budgetary Control:** (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,614,015	\$ 434,160
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(15,439)
Cancellation of Prior Year Encumbrances		(27)
Prior Year Encumbrances		24,973
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 9,614,015	\$ 443,667

**E. Cash and Cash Equivalents:**

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**F. Interfund Transactions:**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions: (Cont'd)

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets were reviewed for impairment.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Deferred Revenue

Deferred revenue represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$1,694,389, General Fund fund balance at June 30, 2012, \$962,093 is assigned for year end encumbrances; \$75,485 is restricted in the maintenance reserve account; \$551,190 is restricted in the capital reserve account; and \$105,621 is unassigned which is \$291,719 less than the calculated maximum unassigned fund balance, on a GAAP Basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2012.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2012.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments, and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont' d)

R. Fund Balance Restrictions, Commitments and Assignments: (Cont' d)

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2012.

S. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: county taxes, interest and tuition.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales or program fees, as applicable, for the various Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Total
		Capital Reserve Account	Maintenance Reserve Account	
Checking and Savings Accounts	\$ 1,162,988	\$ 551,190	\$ 75,485	\$ 1,789,663
	<u>\$ 1,162,988</u>	<u>\$ 551,190</u>	<u>\$ 75,485</u>	<u>\$ 1,789,663</u>

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$1,789,663 and the bank balance was \$1,871,634.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 10, 2000 in the amount of \$500 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2011	\$ 951,505
Add:	
Interest Earnings	2,890
Less:	
Budgeted Withdrawal from Capital Reserve	<u>(403,205)</u>
Ending Balance, June 30, 2012	<u>\$ 551,190</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the Capital Reserve Account at June 30, 2012. The withdrawal from the capital reserve was for use in a DOE approved facilities project, consistent with the District's LRFP.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$1,000 was established by the Warren County Vocational-Technical School District on June 25, 2008. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2011	\$ 395,520
Less: Budgeted Withdrawal from Maintenance Reserve	<u>(320,035)</u>
Ending Balance, June 30, 2012	<u>\$ 75,485</u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 174,251			\$ 174,251
Total Capital Assets Not Being Depreciated	<u>174,251</u>			<u>174,251</u>
Capital Assets Being Depreciated:				
Site Improvements	405,384			405,384
Buildings and Building Improvements	11,922,425	\$ 1,427,740		13,350,165
Machinery and Equipment	1,767,180	25,949	\$ 22,163	1,815,292
Total Capital Assets Being Depreciated	<u>14,094,989</u>	<u>1,453,689</u>	<u>22,163</u>	<u>15,570,841</u>
Governmental Activities Capital Assets	<u>14,269,240</u>	<u>1,453,689</u>	<u>22,163</u>	<u>15,745,092</u>

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(Continued)

**NOTE 6. CAPITAL ASSETS (Cont'd)**

	Beginning Balance	Increases	Adjustments	Ending Balance
Less Accumulated Depreciation for:				
Site Improvements	\$ (211,086)	\$ (20,976)		\$ (232,062)
Buildings and Building Improvements	(3,457,037)	(330,602)		(3,787,639)
Machinery and Equipment	(800,203)	(118,414)	\$ (22,163)	(940,780)
	<u>(4,468,326)</u>	<u>(469,992)</u>	<u>(22,163)</u>	<u>(4,960,481)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 9,800,914</u>	<u>\$ 983,697</u>	<u>\$ -0-</u>	<u>\$ 10,784,611</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 31,604	\$ 9,776	\$ (22,163)	\$ 19,217
Less Accumulated Depreciation	(23,748)	(3,064)	22,163	(4,649)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,856</u>	<u>\$ 6,712</u>	<u>\$ -0-</u>	<u>\$ 14,568</u>

The District had no active construction projects as of June 30, 2012.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 11,767
School Sponsored/Other Instruction	1,705
Vocational Education Instruction	64,717
Operations and Maintenance	10,887
Central Services	458
Student and Instruction Related Services	15,074
Special Schools	393
Unallocated	364,991
	<u>\$ 469,992</u>

**NOTE 7. LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2011	Accrued	Retired	Balance 6/30/2012
Capital Leases Payable	\$ -0-	\$ 39,565	\$ 2,189	\$ 37,376
Compensated Absences Payable	142,689	66,239	12,508	196,420
	<u>\$ 142,689</u>	<u>\$ 105,804</u>	<u>\$ 14,697</u>	<u>\$ 233,796</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 7. LONG-TERM LIABILITIES

A. Bonds Payable:

Bonds are authorized in accordance with State law by the County of Warren Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Warren Board of Chosen Freeholders are general obligation bonds of the County of Warren and therefore are not recorded as debt of the Warren County Vocational-Technical School District.

B. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term portion of compensated absences of \$196,420.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Enterprise Funds.

The General Fund will be used to liquidate compensated absences payable.

C. Capital Leases Payable

The District entered into a \$39,565 lease purchase agreement in April 2012 for telephone system upgrade for the District, of which \$2,189 has been amortized. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 10,260
2014	10,260
2015	10,260
2016	10,260
2017	7,695
	<hr/> 48,735
Less: Amount Representing Interest	<hr/> (11,359)
Present Value Net of Minimum Lease Payments	<hr/> <u>\$ 37,376</u>

The current portion of capital leases payable at June 30, 2012 is \$6,269 and the long-term portion is \$31,107. The General Fund will be used to liquidate the capital lease payable.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011, employee contributions for PERS and TPAF went from 5.5% to 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District Contributions to PERS amounted to \$ 85,275, \$68,542 and \$51,995 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively. During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$101,918, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$204,883, \$214,715 and \$178,703 for 2012, 2011 and 2010, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through the State of NJ Health Benefits Plan.

Property and Liability Insurance

The District is a member of the New Jersey School Boards' Association Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage, and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership body. As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies.

The audit report for the year ending June 30, 2012 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2011 is as follows:

	<u>New Jersey School Boards' Association Insurance Group</u>
Total Assets	\$ 253,890,161
Net Assets	\$ 62,802,257
Total Revenue	\$ 83,993,678
Total Expenses	\$ 79,175,491
Change in Net Assets	\$ 4,818,187
Net Assets Distribution to Participating Members	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's office:

New Jersey School Board's Association Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont' d)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 80,000	\$ 323	\$ 3,996	\$ 30,968	\$ 53,402
2010-2011	81,096	66	7,639	88,751	51
2009-2010	11,588	13	6,005	21,709	1

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 45,306	\$ 47,484
Special Revenue Fund		29,655
Enterprise Fund - Food Service Fund	47,484	
Fiduciary Fund - Student Activities		2,680
Fiduciary Fund - Private Purpose Scholarships Trust	2,680	
Fiduciary Fund - Payroll Agency Fund		15,651
	<u>\$ 95,470</u>	<u>\$ 95,470</u>

The interfund receivable in the General Fund with the Special Revenue Fund is the amount of the cash deficit in the Special Revenue Fund due to a timing lag in reimbursement of federal grant funds from the state. The interfund receivable in the Food Service Fund is comprised of prior and current year federal and state lunch reimbursements deposited in the General Fund which were not remitted to the Food Service Fund by June 30, 2012. The interfund payable in the Payroll Agency Fund is the second quarter 2012 employees' share of health benefits reimbursements due to the General Fund. The interfund receivable in the Scholarships Trust is scholarships collected in the Student Activities account on behalf of the Scholarships Trust.

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from county, federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

Lincoln Investment Planning  
Vanguard  
Fidelity Investments

Transamerica is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. ACCOUNTS PAYABLE

Payables as of June 30, 2012 were:

	Governmental Activities			Business-Type Activities
General Fund	Special Revenue Fund	Total Governmental Funds	Enterprise Funds	
Due to State of New Jersey	\$ 21,722	\$ 21,722		
Vendors	\$ 102,902	\$ 102,902	\$ 4,340	
	\$ 102,902	\$ 21,722	\$ 124,624	\$ 4,340

NOTE 15. TAX CALENDAR

Property taxes are levied by the County as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges.

A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the County who then disburses those funds to the District on a predetermined mutually agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITIESGrant Programs

The District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Litigation

The District is periodically involved in claims and pending lawsuits including personnel matters. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 962,093	\$ 15,439	\$ 977,532

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$15,439 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivables or an increase in deferred revenue.

BUDGETARY COMPARISON SCHEDULES

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUE:</b>					
<b>Local Sources:</b>					
County Tax Levy	\$ 3,995,172		\$ 3,995,172	\$ 3,995,172	
Tuition from LEA's	1,152,855		1,152,855	1,162,151	\$ 9,296
Other Tuition	647,190		647,190	388,041	(259,149)
GED Testing Center Fees	10,000		10,000	9,620	(380)
Interest Earned on Capital Reserve Funds				2,890	2,890
Unrestricted Miscellaneous Revenues	80,194		80,194	101,323	21,129
<b>Total - Local Sources</b>	<u>5,885,411</u>		<u>5,885,411</u>	<u>5,659,197</u>	<u>(226,214)</u>
<b>State Sources:</b>					
Categorical Special Education Aid	248,774		248,774	248,774	
Equalization Aid	2,596,583	\$ 76,360	2,672,943	2,672,943	
Categorical Security Aid		11,313	11,313	11,313	
TPAF On-Behalf Contributions (On-Behalf - Non-Budgeted)				101,918	101,918
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				204,883	204,883
TPAF Social Security (Reimbursed - Non-Budgeted)				242,383	242,383
<b>Total State Sources</b>	<u>2,845,357</u>	<u>87,673</u>	<u>2,933,030</u>	<u>3,482,214</u>	<u>549,184</u>
<b>Federal Sources:</b>					
Education Jobs Fund	105,902	3,318	109,220	102,055	(7,165)
<b>Total Federal Sources</b>	<u>105,902</u>	<u>3,318</u>	<u>109,220</u>	<u>102,055</u>	<u>(7,165)</u>
<b>Total Revenue</b>	<u>8,836,670</u>	<u>90,991</u>	<u>8,927,661</u>	<u>9,243,466</u>	<u>315,805</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Grades 9-12 - Salaries of Teachers	\$ 1,284,445	\$ 101,862	\$ 1,386,307	\$ 1,386,307	
Other Purchased Services	24,000	18,375	42,375	39,720	\$ 2,655
General Supplies	87,527	(58,723)	28,804	28,804	
Textbooks	15,902	(1,733)	14,169	14,169	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	750	956	1,706	1,706	
Purchased Professional-Educational Services	1,000	(656)	344	344	
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<u>1,413,624</u>	<u>60,081</u>	<u>1,473,705</u>	<u>1,471,050</u>	<u>2,655</u>
<b>Regular Vocational Programs:</b>					
Salaries of Teachers	926,668	(28,199)	898,469	898,469	
Other Salaries for Instruction	9,000	(1,474)	7,526	7,526	
Other Purchased Services	13,198	(5,545)	7,653	7,653	
General Supplies	99,587	(11,603)	87,984	87,171	813
Textbooks	15,000	190	15,190	15,190	
<b>Total Regular Vocational Programs</b>	<u>1,063,453</u>	<u>(46,631)</u>	<u>1,016,822</u>	<u>1,016,009</u>	<u>813</u>
<b>Special Vocational Programs:</b>					
Salaries of Teachers	317,677	(69,381)	248,296	248,296	
Other Purchased Services	150	(150)			
General Supplies	250	598	848	848	
Textbooks	1,000	1,646	2,646	2,416	230
<b>Special Vocational Programs</b>	<u>319,077</u>	<u>(67,287)</u>	<u>251,790</u>	<u>251,560</u>	<u>230</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
School-Sponsored Cocurricular Activities:					
Salaries	\$ 48,097	\$ (10,670)	\$ 37,427	\$ 37,427	
Purchased Services	15,673	(73)	15,600	9,588	\$ 6,012
Supplies and Materials	29,549	(10,931)	18,618	18,384	234
<b>Total School-Sponsored Cocurricular Activities</b>	<b>93,319</b>	<b>(21,674)</b>	<b>71,645</b>	<b>65,399</b>	<b>6,246</b>
School-Sponsored Athletics:					
Salaries	61,251	9,472	70,723	70,723	
Purchased Services	10,500	(4,269)	6,231	6,231	
Supplies and Materials	5,714	997	6,711	4,715	1,996
<b>Total School-Sponsored Athletics</b>	<b>77,465</b>	<b>6,200</b>	<b>83,665</b>	<b>81,669</b>	<b>1,996</b>
<b>TOTAL INSTRUCTION</b>	<b>2,966,938</b>	<b>(69,311)</b>	<b>2,897,627</b>	<b>2,885,687</b>	<b>11,940</b>
Undist. Expend. - Health Services:					
Salaries	64,959	463	65,422	65,422	
Purchased Professional and Technical Services	5,930	797	6,727	6,727	
Supplies and Materials	5,121	(2,192)	2,929	2,910	19
<b>Total Undist. Expend. - Health Services</b>	<b>76,010</b>	<b>(932)</b>	<b>75,078</b>	<b>75,059</b>	<b>19</b>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	118,538	8,626	127,164	127,164	
Salaries of Secretarial and Clerical Assistants	26,778	259	27,037	27,037	
Other Purchased Services	380	103	483	293	190
Supplies and Materials	421	5,378	5,799	5,499	300

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Guidance: (Cont'd)</b>					
Other Objects		\$ 800	\$ 800	\$ 800	
<b>Total Undist. Expend. - Guidance</b>	<u>\$ 146,117</u>	<u>15,166</u>	<u>161,283</u>	<u>160,793</u>	<u>\$ 490</u>
<b>Undist. Expend. - Child Study Teams:</b>					
Salaries of Other Professional Staff	87,000	3,129	90,129	90,129	
Salaries of Secretarial and Clerical Assistants	36,756	400	37,156	37,156	
Other Purchased Professional and Technical Services	183,000	(65,103)	117,897	101,073	16,824
Other Purchased Services	1,600	(948)	652	652	
Supplies and Materials	1,000	1,054	2,054	2,054	
Other Objects	300	(300)			
<b>Total Undist. Expend. - Child Study Teams</b>	<u>309,656</u>	<u>(61,768)</u>	<u>247,888</u>	<u>231,064</u>	<u>16,824</u>
<b>Undist. Expend. - Improvement of Instructional Services:</b>					
Salaries of Supervisor of Instruction	4,000	1,500	5,500	5,500	
Purchased Professional - Educational Services	5,000	(5,000)			
<b>Total Undist. Expend-Impr. Of Instruct. Services</b>	<u>9,000</u>	<u>(3,500)</u>	<u>5,500</u>	<u>5,500</u>	
<b>Undist. Expend. - Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff		2,469	2,469	2,469	
Purchased Professional - Educational Services	725	(725)			
<b>Total Undist. Expend. - Instructional Staff Training Services</b>	<u>725</u>	<u>1,744</u>	<u>2,469</u>	<u>2,469</u>	
<b>Undist. Expend. - Support Services - General Administration:</b>					
Salaries	115,000	8,624	123,624	123,624	

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Support Services - General Administration: (Cont'd)</b>					
Legal Services	\$ 70,000	\$ (21,820)	\$ 48,180	\$ 48,180	
Audit Fees	37,500		37,500	37,500	
Purchased Technical Services	4,000	(103)	3,897	3,897	
Communications/Telephone	24,378	(2,098)	22,280	20,658	\$ 1,622
BOE Other Purchased Services	1,000	(550)	450	450	
Misc. Purchased Services	78,957	(15,363)	63,594	63,594	
General Supplies	11,500	(1,713)	9,787	9,787	
Judgments Against the School District		70,000	70,000	70,000	
Miscellaneous Expenditures	14,000	592	14,592	14,592	
BOE Membership Dues and Fees	6,083	(2,197)	3,886	3,886	
<b>Total Undist. Expend. - Support Services - General Administration</b>	<u>362,418</u>	<u>35,372</u>	<u>397,790</u>	<u>396,168</u>	<u>1,622</u>
<b>Undist. Expend. - Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	195,000	7,036	202,036	202,036	
Salaries of Secretarial and Clerical Assistants	64,794	(226)	64,568	64,568	
Purchased Professional and Technical Services	2,000	(2,000)			
Other Purchased Services	19,854	6,345	26,199	22,519	3,680
Supplies and Materials	8,660	6,427	15,087	15,054	33
Other Objects	2,000	(109)	1,891	1,891	
<b>Total Undist. Expend. - Support Services - School Administration</b>	<u>292,308</u>	<u>17,473</u>	<u>309,781</u>	<u>306,068</u>	<u>3,713</u>
<b>Undist. Expend. - Central Services:</b>					
Salaries	180,380	2,025	182,405	182,405	
Purchased Technical Services	8,000	3,695	11,695	11,695	
Miscellaneous Purchased Services	28,667	(14,439)	14,228	13,713	515

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Central Services: (Cont'd)</b>					
Supplies and Materials	\$ 6,000	\$ (1,813)	\$ 4,187	\$ 4,187	
Miscellaneous Expenditures	1,500	(115)	1,385	1,385	
<b>Total Undist. Expend. - Central Services</b>	<u>224,547</u>	<u>(10,647)</u>	<u>213,900</u>	<u>213,385</u>	<u>\$ 515</u>
<b>Undist. Expend. - Administration Information Technology:</b>					
Salaries	66,000	(3,836)	62,164	62,164	
Purchased Technical Services	22,914	104,052	126,966	124,219	2,747
Supplies and Materials	88,000	(58,311)	29,689	22,786	6,903
Other Objects	500	(500)			
<b>Total Undist. Expend. - Administration Information Technology</b>	<u>177,414</u>	<u>41,405</u>	<u>218,819</u>	<u>209,169</u>	<u>9,650</u>
<b>Undist. Expend. - Required Maintenance for School Facilities:</b>					
Salaries	140,035	62,196	202,231	198,634	3,597
Cleaning, Repair and Maintenance Services	173,011	25,919	198,930	191,827	7,103
General Supplies	18,511	(5,995)	12,516	12,165	351
<b>Total Undist. Expend. - Required Maintenance for School Facilities</b>	<u>331,557</u>	<u>82,120</u>	<u>413,677</u>	<u>402,626</u>	<u>11,051</u>
<b>Undist. Expend. - Custodial Services:</b>					
Salaries	140,000	(37,082)	102,918	102,918	
Cleaning, Repair and Maintenance Services	8,680	(2,513)	6,167	6,167	
Other Purchased Property Services	29,193	258	29,451	27,684	1,767
General Supplies	27,822	(400)	27,422	26,949	473
Energy (Electricity)	390,000	(122,821)	267,179	266,973	206
Energy (Natural Gas)	105	(7)	98	98	98
<b>Total Undist. Expend. - Custodial Services</b>	<u>595,800</u>	<u>(162,565)</u>	<u>433,235</u>	<u>430,691</u>	<u>2,544</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Student Transportation Services:</b>					
Contracted Srvs. - (Between Home and School) - Vendors	\$ 600,000	\$ (99,246)	\$ 500,754	\$ 500,426	\$ 328
Contracted Srvs. (Other than Between Home & School) - Vendors	15,014	26,945	41,959	40,054	1,905
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>615,014</u>	<u>(72,301)</u>	<u>542,713</u>	<u>540,480</u>	<u>2,233</u>
<b>Unallocated Benefits:</b>					
Social Security Contributions	125,000	(31,000)	94,000	93,235	765
Other Retirement Contributions - PERS	92,657	(7,382)	85,275	85,275	
Unemployment Compensation	77,553	2,447	80,000	78,233	1,767
Workmen's Compensation	65,000	2,392	67,392	67,392	
Health Benefits	1,259,000	(237,185)	1,021,815	1,021,795	20
Tuition Reimbursement	32,000	(13,806)	18,194	16,556	1,638
Other Employee Benefits	28,410	(20,404)	8,006	7,484	522
<b>Total Unallocated Benefits</b>	<u>1,679,620</u>	<u>(304,938)</u>	<u>1,374,682</u>	<u>1,369,970</u>	<u>4,712</u>
<b>On-Behalf Contributions:</b>					
TPAF Non-Contributory Insurance (non-budgeted)				101,918	(101,918)
On-Behalf TPAF Post Retirement Contributions (non-budgeted)				204,883	(204,883)
Reimbursed TPAF Social Security Contributions (non-budgeted)				242,383	(242,383)
<b>Total On-Behalf Contributions</b>				<u>549,184</u>	<u>(549,184)</u>
<b>Total Personal Services - Employee Benefits</b>	<u>1,679,620</u>	<u>(304,938)</u>	<u>1,374,682</u>	<u>1,919,154</u>	<u>(544,472)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>4,820,186</u>	<u>(423,371)</u>	<u>4,396,815</u>	<u>4,892,626</u>	<u>(495,811)</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>\$ 7,787,124</b>	<b>\$ (492,682)</b>	<b>\$ 7,294,442</b>	<b>\$ 7,778,313</b>	<b>\$ (483,871)</b>
<b>Capital Outlay:</b>					
<b>Equipment:</b>					
Regular Programs - Instruction:					
Grades 9-12	562	(500)	62		62
<b>Total Equipment</b>	<b>562</b>	<b>(500)</b>	<b>62</b>		<b>62</b>
<b>Facilities Acquisition and Construction Services:</b>					
Architectural/Engineering Services	31,990	(31,990)			
Other Purchased Professional and Technical Services	60,000	120,991	180,991	165,472	15,519
Construction Services	1,633,810	518,236	2,152,046	1,220,909	931,137
Other Objects	15,861		15,861	15,861	
<b>Total Facilities Acquisition and Construction Services</b>	<b>1,741,661</b>	<b>607,237</b>	<b>2,348,898</b>	<b>1,402,242</b>	<b>946,656</b>
<b>Assets Acquired Under Capital Leases (Non-Budgeted):</b>					
General Administration - Telephone System				39,565	(39,565)
<b>Total Assets Acquired Under Capital Leases (Non-Budgeted)</b>				<b>39,565</b>	<b>(39,565)</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,742,223</b>	<b>606,737</b>	<b>2,348,960</b>	<b>1,441,807</b>	<b>907,153</b>
<b>Special Schools:</b>					
Post-Secondary - Instruction:					
Salaries of Teachers	299,000	(18,015)	280,985	280,985	
Other Purchased Services	5,102	(4,694)	408	306	102
General Supplies	27,202	9,354	36,556	34,154	2,402
<b>Total Post - Secondary - Instruction</b>	<b>331,304</b>	<b>(13,355)</b>	<b>317,949</b>	<b>315,445</b>	<b>2,504</b>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Special Schools: (Cont'd)</b>					
<b>Post-Secondary - Support Services:</b>					
Personal Services - Employee Benefits	\$ 23,900	\$ (23,900)			
Supplies and Materials	23	(23)			
<b>Total Post-Secondary - Support Services</b>	<u>23,923</u>	<u>(23,923)</u>			
<b>Adult Education - Local - Support Services:</b>					
Salaries	39,000	4,940	\$ 43,940	\$ 43,940	
General Supplies	10,000	14,400	24,400	23,636	\$ 764
<b>Total Adult Education - Local - Support Services</b>	<u>49,000</u>	<u>19,340</u>	<u>68,340</u>	<u>67,576</u>	<u>764</u>
<b>Vocational Evening - Local - Instruction:</b>					
Salaries of Teachers	6,000	(6,000)			
<b>Total Vocational Evening - Local - Instruction</b>	<u>6,000</u>	<u>(6,000)</u>			
<b>GED Testing Centers:</b>					
Salaries	6,000	2,288	8,288	8,288	
Supplies and Materials	4,000	(1,414)	2,586	2,586	
<b>Total GED Testing Centers</b>	<u>10,000</u>	<u>874</u>	<u>10,874</u>	<u>10,874</u>	
<b>TOTAL SPECIAL SCHOOLS</b>	<u>420,227</u>	<u>(23,064)</u>	<u>397,163</u>	<u>393,895</u>	<u>3,268</u>
<b>TOTAL EXPENDITURES</b>	<u>9,949,574</u>	<u>90,991</u>	<u>10,040,565</u>	<u>9,614,015</u>	<u>426,550</u>
<b>Excess/(Deficit) of Revenues Over/(Under) Expenditures</b>	(1,112,904)		(1,112,904)	(370,549)	742,355

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources:					
Residual Equity Transfer - Operating - Internet Access				\$ 57,357	\$ 57,357
Capital Leases (Non-budgeted)				39,565	39,565
Total Other Financing Sources				<u>96,922</u>	<u>96,922</u>
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	\$ (1,112,904)		\$ (1,112,904)	(273,627)	839,277
Fund Balance, July 1	<u>2,259,735</u>		<u>2,259,735</u>	<u>2,259,735</u>	
Fund Balance, June 30	<u>\$ 1,146,831</u>	<u>\$ -0-</u>	<u>\$ 1,146,831</u>	<u>\$ 1,986,108</u>	<u>\$ 839,277</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 551,190	
Maintenance Reserve				75,485	
Assigned:					
Year End Encumbrances				962,093	
Unassigned Fund Balance				<u>397,340</u>	
				1,986,108	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(291,719)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,694,389</u>	

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 2,999	\$ 1,724	\$ 4,723	\$ 3,300	\$ 1,423
State Sources	8,999	55,144	64,143	30,033	34,110
Federal Sources	318,994	252,412	571,406	400,827	170,579
<b>Total Revenues</b>	<b>330,992</b>	<b>309,280</b>	<b>640,272</b>	<b>434,160</b>	<b>206,112</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	217,109	37,585	254,694	182,476	72,218
Purchased Professional and Technical Services	8,999	59,392	68,391	29,650	38,741
Other Purchased Services		26,859	26,859	6,612	20,247
General Supplies	81,797	36,045	117,842	93,113	24,729
<b>Total Instruction</b>	<b>307,905</b>	<b>159,881</b>	<b>467,786</b>	<b>311,851</b>	<b>155,935</b>
<b>Support Services:</b>					
Salaries of Other Professional Staff	12,063	5,920	17,983	13,975	4,008
Personal Services - Employee Benefits	10,280	34,972	45,252	31,420	13,832
Purchased Professional Technical Services		78,957	78,957	57,589	21,368
Other Purchased Services		6,525	6,525	6,457	68
Supplies and Materials	744	17,690	18,434	12,762	5,672
<b>Total Support Services</b>	<b>23,087</b>	<b>144,064</b>	<b>167,151</b>	<b>122,203</b>	<b>44,948</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		5,335	5,335	106	5,229
<b>Total Facilities Acquisition and Construction Services</b>		<b>5,335</b>	<b>5,335</b>	<b>106</b>	<b>5,229</b>
<b>Total Expenditures</b>	<b>\$ 330,992</b>	<b>\$ 309,280</b>	<b>\$ 640,272</b>	<b>434,160</b>	<b>\$ 206,112</b>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 9,243,466	\$ 434,160
<b>Difference - Budget to GAAP:</b>		
Grant Accounting Budgetary basis differs from GAAP in that the Budgetary basis recognizes Encumbrances as Expenditures and Revenue whereas the GAAP basis does not:		
Current Year Encumbrances		(15,439)
Cancellation of Prior Year Encumbrances		(27)
Prior Year Encumbrances		24,973
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	273,033	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(291,719)	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 9,224,780	 \$ 443,667
 <b>Uses/Outflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 9,614,015	\$ 434,160
<b>Differences - Budget to GAAP:</b>		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(15,439)
Cancellation of Prior Year Encumbrances		(27)
Prior Year Encumbrances		24,973
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 9,614,015	 \$ 443,667

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County School Board of Estimate, which consists of three Warren County Freeholders and two Warren County Vocational School District board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current and prior years. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Rural Education Achievement Program</u>		<u>Adult Basic Education</u>	<u>I.D.E.A. Part B, Basic</u>	
	<u>FY 2012</u>	<u>Carryover</u>		<u>FY 2012</u>	<u>Carryover</u>
<b>REVENUE:</b>					
Local Sources					
State Sources					
Federal Sources	\$ 38,901	\$ 3,051	\$ 81,200	\$ 54,082	\$ 53,221
<b>Total Revenue</b>	<u>38,901</u>	<u>3,051</u>	<u>81,200</u>	<u>54,082</u>	<u>53,221</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers			56,353		42,400
Purchased Professional and Technical Services					
Other Purchased Services					
General Supplies	38,901	3,051		2,035	931
<b>Total Instruction</b>	<u>38,901</u>	<u>3,051</u>	<u>56,353</u>	<u>2,035</u>	<u>43,331</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff			12,480		
Personal Services - Employee Benefits			12,295		
Purchased Professional Technical Services				52,047	
Other Purchased Services					
Supplies and Materials			72		9,890
<b>Total Support Services</b>			<u>24,847</u>	<u>52,047</u>	<u>9,890</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>\$ 38,901</u>	<u>\$ 3,051</u>	<u>\$ 81,200</u>	<u>\$ 54,082</u>	<u>\$ 53,221</u>

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Apprenticeship Coordinator	Youth Transition to Work		Carl D. Perkins	
		FY 2012	Carryover	Secondary	Post Secondary
<b>REVENUE:</b>					
Local Sources					
State Sources	\$ 10,323	\$ 5,315	\$ 14,395		
Federal Sources				\$ 36,044	\$ 93,980
<b>Total Revenue</b>	<b>10,323</b>	<b>5,315</b>	<b>14,395</b>	<b>36,044</b>	<b>93,980</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	8,619	1,770	8,020	18,189	45,618
Purchased Professional and Technical Services				3,150	
Other Purchased Services	725	372	3,515		
General Supplies	979	3,173	2,860	3,198	29,992
<b>Total Instruction</b>	<b>10,323</b>	<b>5,315</b>	<b>14,395</b>	<b>24,537</b>	<b>75,610</b>
Support Services:					
Salaries of Other Professional Staff				470	1,025
Personal Services - Employee Benefits				4,280	14,845
Purchased Professional Technical Services					
Other Purchased Services				5,457	1,000
Supplies and Materials				1,300	1,500
<b>Total Support Services</b>				<b>11,507</b>	<b>18,370</b>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 10,323</b>	<b>\$ 5,315</b>	<b>\$ 14,395</b>	<b>\$ 36,044</b>	<b>\$ 93,980</b>

WARREN COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	NJSBAIG Safety Grant	No Child Left Behind		Totals
		Title I	Title IIA	
REVENUE:				
Local Sources	\$ 3,300			\$ 3,300
State Sources				30,033
Federal Sources		\$ 38,848	\$ 1,500	400,827
Total Revenue	3,300	38,848	1,500	434,160
EXPENDITURES:				
Instruction:				
Salaries of Teachers		1,507		182,476
Purchased Professional and Technical Services		25,000	1,500	29,650
Other Purchased Services		2,000		6,612
General Supplies	3,300	4,693		93,113
Total Instruction	3,300	33,200	1,500	311,851
Support Services:				
Salaries of Other Professional Staff				13,975
Personal Services - Employee Benefits				31,420
Purchased Professional Technical Services		5,542		57,589
Other Purchased Services				6,457
Supplies and Materials				12,762
Total Support Services		5,542		122,203
Facilities Acquisition and Construction Services:				
Instructional Equipment		106		106
Total Facilities Acquisition and Construction Services		106		106
Total Expenditures	\$ 3,300	\$ 38,848	\$ 1,500	\$ 434,160

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Food Service</u>	<u>Restaurant</u>	<u>Totals</u>
<b><u>ASSETS:</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 7,887	\$ 6,342	\$ 14,229
Interfund Receivable - General Fund	47,484		47,484
Intergovernmental Accounts Receivable:			
State	51		51
Federal	8,282		8,282
Inventories	3,456	1,030	4,486
Total Current Assets	<u>67,160</u>	<u>7,372</u>	<u>74,532</u>
Non-Current Assets:			
Capital Assets	19,217		19,217
Less: Accumulated Depreciation	(4,649)		(4,649)
Total Non-Current Assets	<u>14,568</u>		<u>14,568</u>
Total Assets	<u>81,728</u>	<u>7,372</u>	<u>89,100</u>
<b><u>LIABILITIES:</u></b>			
Current Liabilities:			
Accounts Payable	3,617	723	4,340
Deferred Revenue	1,176		1,176
Total Liabilities	<u>4,793</u>	<u>723</u>	<u>5,516</u>
<b><u>NET ASSETS:</u></b>			
Investment in Capital Assets	14,568		14,568
Unrestricted	62,367	6,649	69,016
Total Net Assets	<u>\$ 76,935</u>	<u>\$ 6,649</u>	<u>\$ 83,584</u>

Exhibit G-2

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Food Service</u>	<u>Internet Access</u>	<u>Restaurant</u>	<u>Totals</u>
Operating Revenue:				
Daily Sales - Reimbursable Programs	\$ 63,680			\$ 63,680
Daily Sales - Non-Reimbursable Programs	39,118			39,118
Program Fees			\$ 13,584	13,584
Miscellaneous Revenue	87			87
Total Operating Revenue	<u>102,885</u>		<u>13,584</u>	<u>116,469</u>
Operating Expenses:				
Cost of Sales	92,282		20,715	112,997
Salaries and Employee Benefits	59,782			59,782
Other Purchased Services	8,686			8,686
Supplies and Materials	1,373			1,373
Miscellaneous Expenditures	13,055			13,055
Depreciation Expense	2,333	\$ 731		3,064
Total Operating Expenses	<u>177,511</u>	<u>731</u>	<u>20,715</u>	<u>198,957</u>
Operating Loss	<u>(74,626)</u>	<u>(731)</u>	<u>(7,131)</u>	<u>(82,488)</u>
Non-Operating Revenue:				
Local Sources:				
Interest Earnings	6			6
State Sources:				
State School Lunch Program	1,758			1,758
Federal Sources:				
National School Lunch Program	51,189			51,189
National School Breakfast Program	8,376			8,376
Food Distribution	14,769			14,769
Total Non-Operating Revenue	<u>76,098</u>			<u>76,098</u>
Net Income/(Loss) Before Transfers	<u>1,472</u>	<u>(731)</u>	<u>(7,131)</u>	<u>(6,390)</u>
Transfers:				
Residual Equity Transfer to General Fund		(57,357)		(57,357)
Total Transfers		<u>(57,357)</u>		<u>(57,357)</u>
Change in Net Assets	1,472	(58,088)	(7,131)	(63,747)
Net Assets - Beginning of Year	<u>75,463</u>	<u>58,088</u>	<u>13,780</u>	<u>147,331</u>
Net Assets - End of Year	<u>\$ 76,935</u>	<u>\$ -0-</u>	<u>\$ 6,649</u>	<u>\$ 83,584</u>

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service</u>	<u>Internet Access</u>	<u>Restaurant</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 102,885		\$ 13,584	\$ 116,469
Payments to/for Employees	(59,782)			(59,782)
Payments to Suppliers	(107,230)		(19,172)	(126,402)
<b>Net Cash (Used for) Operating Activities</b>	<b>(64,127)</b>		<b>(5,588)</b>	<b>(69,715)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of Capital Assets	(9,776)			(9,776)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(9,776)</b>			<b>(9,776)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Residual Equity Transfer to General Fund		\$ (57,357)		(57,357)
State Sources - Turnover from General Fund	2,606			2,606
Federal Sources - Turnover from General Fund	66,122			66,122
<b>Net Cash Provided by/(Used for) Noncapital Financing Activities</b>	<b>68,728</b>	<b>(57,357)</b>		<b>11,371</b>
<b>Cash Flows from Financing Activities:</b>				
Interest Income	6			6
<b>Net Cash Provided by Financing Activities</b>	<b>6</b>			<b>6</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(5,169)</b>	<b>(57,357)</b>	<b>(5,588)</b>	<b>(68,114)</b>
Cash and Cash Equivalents, July 1	13,056	\$ 57,357	11,930	82,343
Cash and Cash Equivalents, June 30	\$ 7,887	\$ -0-	\$ 6,342	\$ 14,229
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>				
Operating Loss	\$ (74,626)	\$ (731)	\$ (7,131)	\$ (82,488)
<b>Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:</b>				
Depreciation	2,333	731		3,064
Food Distribution Program	14,769			14,769
<b>Changes in Assets and Liabilities:</b>				
Increase/(Decrease) in Accounts Payable	(6,480)		723	(5,757)
(Decrease) in Deferred Revenue	(78)			(78)
(Increase)/Decrease in Inventory	(45)		820	775
<b>Net Cash Used for Operating Activities</b>	<b>\$ (64,127)</b>	<b>\$ -0-</b>	<b>\$ (5,588)</b>	<b>\$ (69,715)</b>

**Noncash Investing, Capital and Financing Activities:**

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$14,691 and Utilized Commodities Valued at \$14,769.

FIDUCIARY FUNDS

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Agency		Total Agency	Unemployment Compensation Trust	Private Purpose Scholarships Trust
	Student Activity	Payroll			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 84,824	\$ 62,552	\$ 147,376	\$ 53,402	
Interfund Receivable - Student Activities					\$ 2,680
<b>Total Assets</b>	<b>84,824</b>	<b>62,552</b>	<b>147,376</b>	<b>53,402</b>	<b>2,680</b>
<u>LIABILITIES:</u>					
Interfund Payable:					
General Fund		15,651	15,651		
Scholarship Trust	2,680		2,680		
Payroll Deductions and Withholdings		46,901	46,901		
Due to Student Groups	82,144		82,144		
<b>Total Liabilities</b>	<b>84,824</b>	<b>62,552</b>	<b>147,376</b>		
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims				53,402	
Restricted for Scholarships					2,680
<b>Total Net Assets</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 53,402</b>	<b>\$ 2,680</b>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarships Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members	\$ 3,996	
Budget Appropriation	80,000	
Total Contributions	<u>83,996</u>	
Investment Earnings:		
Interest	323	
Net Investment Earnings	<u>323</u>	
Total Additions	<u>84,319</u>	
<b>DEDUCTIONS:</b>		
Quarterly Contribution Reports	225	
Unemployment Claims	30,743	
Total Deductions	<u>30,968</u>	
Change in Net Assets	53,351	
Net Assets - Beginning of the Year	<u>51</u>	\$ <u>2,680</u>
Net Assets - End of the Year	<u>\$ 53,402</u>	<u>\$ 2,680</u>

Exhibit H-3

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 78,485	\$ 132,955	\$ 126,616	\$ 84,824
Total Assets	<u>\$ 78,485</u>	<u>\$ 132,955</u>	<u>\$ 126,616</u>	<u>\$ 84,824</u>
<b><u>LIABILITIES:</u></b>				
Due to Student Groups	\$ 75,805	\$ 132,955	\$ 126,616	\$ 82,144
Interfund Payable - Scholarship Trust	<u>2,680</u>			<u>2,680</u>
Total Liabilities	<u>\$ 78,485</u>	<u>\$ 132,955</u>	<u>\$ 126,616</u>	<u>\$ 84,824</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 52,415	\$ 4,920,423	\$ 4,910,286	\$ 62,552
Total Assets	<u>\$ 52,415</u>	<u>\$ 4,920,423</u>	<u>\$ 4,910,286</u>	<u>\$ 62,552</u>
 <b><u>LIABILITIES:</u></b>				
Interfund Payable:				
General Fund	\$ 11,212	\$ 15,651	\$ 11,212	\$ 15,651
Payroll Deductions and Withholdings	<u>\$ 41,203</u>	<u>4,904,772</u>	<u>\$ 4,899,074</u>	<u>46,901</u>
Total Liabilities	<u>\$ 52,415</u>	<u>\$ 4,920,423</u>	<u>\$ 4,910,286</u>	<u>\$ 62,552</u>

LONG-TERM DEBT

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Issue</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2012</u>
Telephone System Upgrade	N/A	\$ 39,565	\$ 39,565	\$ 2,189	\$ 37,376
			<u>\$ 39,565</u>	<u>\$ 2,189</u>	<u>\$ 37,376</u>

N/A - Not Available

**STATISTICAL SECTION**  
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its County taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$ 7,970,597	\$ 8,012,243	\$ 8,126,810	\$ 8,339,461	\$ 8,796,181	\$ 9,158,631	\$ 9,800,914	\$ 10,747,235
Restricted	392,080	315,413	1,116,818	1,445,239	1,862,085	2,129,043	1,347,025	626,675
Unrestricted/(Deficit)	(125,938)	51,468	96,216	430,462	29,013	37,564	496,988	871,294
<b>Total Governmental Activities Net Assets</b>	<b>\$ 8,236,739</b>	<b>\$ 8,379,124</b>	<b>\$ 9,339,844</b>	<b>\$ 10,215,162</b>	<b>\$ 10,687,279</b>	<b>\$ 11,325,238</b>	<b>\$ 11,644,927</b>	<b>\$ 12,245,204</b>
<b>Business-Type Activities:</b>								
Invested in Capital Assets, Net of Related Debt	\$ 38,581	\$ 35,171	\$ 10,312	\$ 14,919	\$ 11,076	\$ 9,023	\$ 7,856	\$ 14,568
Unrestricted	109,916	116,289	115,513	123,531	119,449	133,410	139,475	69,016
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 148,497</b>	<b>\$ 151,460</b>	<b>\$ 125,825</b>	<b>\$ 138,450</b>	<b>\$ 130,525</b>	<b>\$ 142,433</b>	<b>\$ 147,331</b>	<b>\$ 83,584</b>
<b>District-Wide:</b>								
Invested in Capital Assets, Net of Related Debt	\$ 8,009,178	\$ 8,047,414	\$ 8,137,122	\$ 8,354,380	\$ 8,807,257	\$ 9,167,654	\$ 9,808,770	\$ 10,761,803
Restricted	392,080	315,413	1,116,818	1,445,239	1,862,085	2,129,043	1,347,025	626,675
Unrestricted/(Deficit)	(16,022)	167,757	211,729	553,993	148,462	170,974	636,463	940,310
<b>Total District Net Assets</b>	<b>\$ 8,385,236</b>	<b>\$ 8,530,584</b>	<b>\$ 9,465,669</b>	<b>\$ 10,353,612</b>	<b>\$ 10,817,804</b>	<b>\$ 11,467,671</b>	<b>\$ 11,792,258</b>	<b>\$ 12,328,788</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses:</b>								
<b>Governmental Activities:</b>								
<b>Instruction</b>								
Regular	\$ 1,580,686	\$ 1,579,776	\$ 1,993,460	\$ 2,019,338	\$ 1,984,721	\$ 1,890,846	\$ 2,208,005	\$ 2,265,252
Vocational Education	1,805,552	1,661,347	1,752,686	1,802,771	2,141,211	1,951,536	1,901,753	1,963,984
School-Sponsored/Other Instruction	117,429	125,665	171,563	182,697	195,432	170,535	194,553	200,534
<b>Support Services:</b>								
Student and Instruction Related Services	985,914	819,278	695,149	736,861	662,970	844,747	674,590	710,375
General Administrative Services	656,640	422,684	447,119	447,426	431,330	452,410	412,945	459,292
School Administrative Services	574,334	475,263	620,439	505,711	423,542	377,972	392,116	432,545
Central Services	255,922	271,020	325,803	306,977	271,835	279,613	290,643	292,383
Administrative Information Technology			149,450	133,198	176,786	274,952	214,348	229,091
Plant Operations and Maintenance	823,584	783,050	933,869	1,062,702	1,123,228	976,706	1,002,682	940,738
Pupil Transportation	443,794	445,829	444,511	481,634	529,736	507,188	573,661	540,480
Special Schools	870,603	802,799	445,072	409,323	476,551	592,594	689,544	705,868
Capital Outlay		8,177	70,303	190,326	48,854	78,231	36,220	19,994
Unallocated Depreciation	1,206,321	205,558	205,489	218,839	239,602	274,012	364,911	364,991
<b>Total Governmental Activities Expenses</b>	<u>9,320,779</u>	<u>7,600,446</u>	<u>8,254,913</u>	<u>8,497,803</u>	<u>8,705,798</u>	<u>8,671,342</u>	<u>8,955,971</u>	<u>9,125,527</u>
<b>Business-Type Activities:</b>								
Internet Access	127,968	117,683	91,204	97,604	107,737	42,091	16,044	731
Adaptive Gym		723	1,456					
Educational Technology Training Center	124,369	86,697	36,522					
Restaurant		29,159	34,161	25,419	11,633	12,857	15,331	20,715
Food Service	128,071	141,234	146,806	167,610	169,046	166,340	157,508	177,511
<b>Total Business-Type Activities Expense</b>	<u>380,408</u>	<u>375,496</u>	<u>310,149</u>	<u>290,633</u>	<u>288,416</u>	<u>221,288</u>	<u>188,883</u>	<u>198,957</u>
<b>Total District Expenses</b>	<u>9,701,187</u>	<u>7,975,942</u>	<u>8,565,062</u>	<u>8,788,436</u>	<u>8,994,214</u>	<u>8,892,630</u>	<u>9,144,854</u>	<u>9,324,484</u>

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**UNAUDITED**  
**(Continued)**

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Program Revenues:</b>								
<b>Governmental Activities:</b>								
<b>Charges for Services:</b>								
Tuition From Other LEAs								\$ 1,162,151
Vocational Education Instruction	\$ 31,995	\$ 20,912						
Pupil Transportation	39,736	11,963						
Special Schools	85,061	60,657	\$ 129,614	\$ 156,501	\$ 177,439	\$ 407,633	\$ 403,151	388,041
Operating Grants and Contributions	1,611,491	1,661,657	2,255,672	2,172,469	1,327,296	1,337,220	1,140,390	1,343,568
Capital Grants and Contributions	32,465	165,963						
<b>Total Governmental Activities Program Revenues</b>	<u>1,800,748</u>	<u>1,921,152</u>	<u>2,385,286</u>	<u>2,328,970</u>	<u>1,504,735</u>	<u>1,744,853</u>	<u>1,543,541</u>	<u>2,893,760</u>
<b>Business-Type Activities:</b>								
<b>Charges for Services:</b>								
Internet Access	134,350	115,646	132,292	101,248	84,690	43,132	11,975	
Adaptive Gym	920	375	110					
Educational Technology Training Center	157,446	74,433	41,418					
Restaurant		41,444	24,986	24,489	18,282	15,971	17,168	13,584
Food Service	87,579	111,502	132,185	143,239	138,074	126,903	102,283	102,885
Operating Grants and Contributions	28,720	31,614	30,287	32,059	39,200	46,493	62,176	76,092
<b>Total Business-Type Activities Program Revenues</b>	<u>409,015</u>	<u>375,014</u>	<u>361,278</u>	<u>301,035</u>	<u>280,246</u>	<u>232,499</u>	<u>193,602</u>	<u>192,561</u>
<b>Total District Program Revenues</b>	<u>2,209,763</u>	<u>2,296,166</u>	<u>2,746,564</u>	<u>2,630,005</u>	<u>1,784,981</u>	<u>1,977,352</u>	<u>1,737,143</u>	<u>3,086,321</u>
<b>Net (Expense)/Revenue:</b>								
Governmental Activities	(7,520,031)	(5,679,294)	(5,869,627)	(6,168,833)	(7,201,063)	(6,926,489)	(7,412,430)	(6,231,767)
Business-Type Activities	28,607	(482)	51,129	10,402	(8,170)	11,211	4,719	(6,396)
<b>Total District-Wide Net Expense</b>	<u>(7,491,424)</u>	<u>(5,679,776)</u>	<u>(5,818,498)</u>	<u>(6,158,431)</u>	<u>(7,209,233)</u>	<u>(6,915,278)</u>	<u>(7,407,711)</u>	<u>(6,238,163)</u>
<b>General Revenues and Other Changes in Net Assets:</b>								
<b>Governmental Activities:</b>								
County Taxes Levied for General Purposes, Net	3,819,254	3,872,866	4,012,290	3,978,054	3,995,172	3,995,172	3,995,172	3,995,172
Tuition from Other LEA's			1,045,075	1,059,573	1,154,075	1,179,067	1,130,881	
Federal and State Aid not Restricted	1,776,508	1,780,036	1,394,544	1,461,847	2,420,175	2,281,554	2,532,518	2,665,682
Investment Earnings	22,688	667	886	631	29,976	21,783	11,257	9,768

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets:								
Governmental Activities (Cont'd):								
Miscellaneous Income	\$ 49,494	\$ 109,001	\$ 214,808	\$ 463,066	\$ 73,347	\$ 86,872	\$ 62,291	\$ 104,065
Residual Equity Transfer:								
Center for Career Planning and Development		80,000						
Educational Technology Training Center			37,744					
Adaptive Gym					435			
Internet Access								57,357
County Capital Improvement Ordinance			125,000					
Transfers	(29,367)	(20,891)						
Cancellation of Prior Year Accounts Payable				80,980				
Total Governmental Activities	<u>5,638,577</u>	<u>5,821,679</u>	<u>6,830,347</u>	<u>7,044,151</u>	<u>7,673,180</u>	<u>7,564,448</u>	<u>7,732,119</u>	<u>6,832,044</u>
Business-Type Activities:								
Investment Earnings	2,198	2,417	2,954	2,223	2,839	697	179	6
Transfers	3,857	1,028						
Residual Equity Transfer:								
Educational Technology Training Center			(37,744)		(435)			
Internet Access								(57,357)
Cancellation of Prior Year Accounts Receivable			(52,538)		(2,159)			
Cancellation of Prior Year Accounts Payable			10,564					
Total Business-Type Activities	<u>6,055</u>	<u>3,445</u>	<u>(76,764)</u>	<u>2,223</u>	<u>245</u>	<u>697</u>	<u>179</u>	<u>(57,351)</u>
Total District-Wide	<u>5,644,632</u>	<u>5,825,124</u>	<u>6,753,583</u>	<u>7,046,374</u>	<u>7,673,425</u>	<u>7,565,145</u>	<u>7,732,298</u>	<u>6,774,693</u>
Change in Net Assets:								
Governmental Activities	(1,881,454)	142,385	960,720	875,318	472,117	637,959	319,689	600,277
Business-Type Activities	34,662	2,963	(25,635)	12,625	(7,925)	11,908	4,898	(63,747)
Total District	<u>\$ (1,846,792)</u>	<u>\$ 145,348</u>	<u>\$ 935,085</u>	<u>\$ 887,943</u>	<u>\$ 464,192</u>	<u>\$ 649,867</u>	<u>\$ 324,587</u>	<u>\$ 536,530</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:								
Reserved/Restricted	\$ 388,670	\$ 312,003	\$ 1,113,408	\$ 1,446,260	\$ 1,862,085	\$ 2,129,043	\$ 1,347,025	\$ 626,675
Assigned							389,664	962,093
Unreserved/Unassigned	212,557	273,143	301,301	611,517	200,323	168,142	250,013	105,621
<b>Total General Fund</b>	<b>\$ 601,227</b>	<b>\$ 585,146</b>	<b>\$ 1,414,709</b>	<b>\$ 2,057,777</b>	<b>\$ 2,062,408</b>	<b>\$ 2,297,185</b>	<b>\$ 1,986,702</b>	<b>\$ 1,694,389</b>
All Other Governmental Funds:								
Unreserved, Reported In:								
Special Revenue Fund/(Deficit)	\$ (1,021)	\$ (1,021)	\$ (1,021)	\$ (1,021)				
Capital Projects Fund	4,431	4,431	4,431					
<b>Total All Other Governmental Funds</b>	<b>\$ 3,410</b>	<b>\$ 3,410</b>	<b>\$ 3,410</b>	<b>\$ (1,021)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
Total All Governmental Funds:								
Reserved/Restricted	\$ 388,670	\$ 312,003	\$ 1,113,408	\$ 1,446,260	\$ 1,862,085	\$ 2,129,043	\$ 1,347,025	\$ 626,675
Assigned							389,664	962,093
Unreserved/Unassigned	215,967	276,553	304,711	610,496	200,323	168,142	250,013	105,621
<b>Total All Governmental Funds</b>	<b>\$ 604,637</b>	<b>\$ 588,556</b>	<b>\$ 1,418,119</b>	<b>\$ 2,056,756</b>	<b>\$ 2,062,408</b>	<b>\$ 2,297,185</b>	<b>\$ 1,986,702</b>	<b>\$ 1,694,389</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST EIGHT FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**UNAUDITED**

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>								
County Tax Levy	\$ 3,819,254	\$ 3,872,866	\$ 4,012,290	\$ 3,978,054	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172	\$ 3,995,172
Tuition from LEA's			1,045,075	1,059,573	1,154,075	1,179,067	1,130,881	1,162,151
Other Tuition	85,061	60,657	129,614	156,501	177,439	407,633	403,151	388,041
Non-Resident Fees	31,995	20,912						
Transportation Fees from Other LEA's	39,736	11,963						
GED Testing Center Fees						9,100	8,750	9,620
Interest Earned on Capital Reserve Funds	1,528	569	756	538	4,979	3,285	5,090	2,890
Restricted Miscellaneous Revenue				52,856	32,636			
Unrestricted Miscellaneous Revenue	70,654	109,099	214,938	410,603	66,685	100,170	63,408	104,623
State Sources	2,832,034	2,914,776	3,137,000	3,236,400	3,328,474	2,624,762	3,270,100	3,494,753
Federal Sources	588,430	692,880	513,216	397,616	418,020	990,112	399,108	511,197
<b>Total Revenue</b>	<b>7,468,692</b>	<b>7,683,722</b>	<b>9,052,889</b>	<b>9,292,141</b>	<b>9,177,480</b>	<b>9,309,301</b>	<b>9,275,660</b>	<b>9,668,447</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Regular Instruction	1,072,629	1,165,427	1,410,497	1,434,996	1,482,242	1,407,087	1,599,392	1,592,921
Vocational Education Instruction	1,190,722	1,216,087	1,136,149	1,218,458	1,572,291	1,454,671	1,356,221	1,340,277
School-Sponsored/Other Instruction	90,256	88,654	115,675	132,010	156,898	132,898	147,551	147,068
<b>Support Services:</b>								
Student and Instruction Related Services	845,985	646,200	530,448	536,498	530,932	675,798	504,806	546,932
General Administrative Services	517,996	422,948	427,245	407,592	386,340	407,486	358,485	396,168
School Administrative Services	418,296	359,693	422,632	361,687	320,056	287,612	287,058	306,068
Central Services	206,719	196,255	227,349	243,734	214,429	228,333	225,911	213,385
Administrative Information Technology			129,488	108,264	152,470	281,226	205,623	209,169
Plant Operations and Maintenance	717,223	667,839	835,944	968,305	1,030,366	975,333	912,418	833,317
Pupil Transportation	443,794	445,829	444,511	481,634	529,736	507,188	573,642	540,480
Unallocated Benefits	1,262,033	1,522,451	1,849,178	1,796,258	1,547,670	1,527,717	1,711,950	1,919,154
Special Schools	728,232	701,243	366,826	329,694	411,015	686,584	570,256	570,830
Capital Outlay	170,102	326,286	473,118	715,354	837,818	502,591	1,132,830	1,441,913
<b>Total Expenditures</b>	<b>7,663,987</b>	<b>7,758,912</b>	<b>8,369,060</b>	<b>8,734,484</b>	<b>9,172,263</b>	<b>9,074,524</b>	<b>9,586,143</b>	<b>10,057,682</b>
<b>Excess (Deficiency) of Revenues</b>								
Over (Under) Expenditures	(195,295)	(75,190)	683,829	557,657	5,217	234,777	(310,483)	(389,235)

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST EIGHT FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Other Financing Sources/(Uses):								
Capital Leases (Non-Budgeted)								\$ 39,565
Transfers In	\$ 16,786	\$ 98	\$ 242,247					
Equity Transfer:								
Center for Career Planning and Development		80,000						
Educational Technology Training Center			20,734					
Adaptive Gym					\$ 435			
Internet Access								57,357
Cancellation of Special Revenue Fund Grant Receivable		(19,863)						
Cancellation of Prior Year Accounts Payable				\$ 80,980				
County Capital Improvement Ordinance			125,000					
Transfers Out	(46,153)	(1,126)	(242,247)					
Total Other Financing Sources/(Uses)	<u>(29,367)</u>	<u>59,109</u>	<u>145,734</u>	<u>80,980</u>	<u>435</u>			<u>96,922</u>
Net Change in Fund Balances	<u>\$ (224,662)</u>	<u>\$ (16,081)</u>	<u>\$ 829,563</u>	<u>\$ 638,637</u>	<u>\$ 5,652</u>	<u>\$ 234,777</u>	<u>\$ (310,483)</u>	<u>\$ (292,313)</u>
Debt Service as a Percentage of Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A Not Applicable

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Tuition</u> <u>from</u> <u>LEA's</u>	<u>Non</u> <u>Resident</u> <u>Fees</u>	<u>Transportation</u> <u>Fees</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Career</u> <u>Center</u> <u>Reimbursement</u>	<u>Adult</u> <u>Education</u> <u>Tuition</u>	<u>Refunds of</u> <u>Prior Year</u> <u>Expenditures</u>	<u>GED</u> <u>Testing</u> <u>Center Fees</u>	<u>Total</u>
2003		\$ 43,446	\$ 102,947	\$ 14,789	\$ 21,850	\$ 23,566	\$ 73,194	\$ 18,907		\$ 298,699
2004		32,563	73,160	10,338	105,251	12,000	91,484			324,796
2005		31,995	39,736	21,087	51,022		85,061			228,901
2006		20,912	11,963	27,297	82,273		60,657			203,102
2007	\$ 1,045,075			50,084	110,732		129,614	54,748		1,390,253
2008	1,059,573			75,535	335,213		156,501	52,856		1,679,678
2009	1,154,075			29,976	40,711		177,439	32,636		1,434,837
2010	1,179,067			21,783	77,772		407,633		\$ 9,100	1,695,355
2011	1,130,881			11,257	53,541		403,151		8,750	1,607,580
2012	1,162,151			9,768	94,445		388,041		9,620	1,664,025

Source: Warren County Technical School Records.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, COUNTY OF WARREN  
LAST EIGHT YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities *	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2004	\$ 207,230,690	\$ 6,016,228,382	\$ 467,130,000	\$ 40,152,530	\$ 891,030,023	\$ 651,062,110	\$ 173,632,300	\$ 8,446,466,035	\$ 36,602,382	\$ 8,483,068,417	\$ 847,878,951	N/A	\$ 9,199,142,917
2005	198,332,890	6,420,991,477	488,899,000	39,276,620	919,463,503	664,085,450	173,404,000	8,904,452,940	32,631,543	8,937,084,483	872,977,611	N/A	10,332,405,733
2006	253,936,027	6,871,265,889	509,228,050	38,329,719	965,061,249	624,897,950	179,114,600	9,441,833,484	28,331,232	9,470,164,716	930,856,098	N/A	11,733,999,903
2007	278,142,627	7,534,209,311	590,326,550	38,050,682	1,040,506,204	621,086,750	177,534,200	10,279,856,324	28,455,816	10,308,312,140	1,046,965,438	N/A	13,059,781,320
2008	270,791,087	7,619,896,271	600,590,000	37,064,433	1,050,424,784	620,088,900	175,541,000	10,374,396,475	28,271,444	10,402,667,919	1,060,788,164	N/A	13,822,543,191
2009	256,865,167	7,654,844,051	615,471,500	38,747,232	1,060,704,897	550,840,850	176,048,900	10,353,522,597	27,217,257	10,380,739,854	1,097,260,750	N/A	13,368,469,742
2010	251,516,967	8,168,300,057	618,799,900	38,129,997	1,251,803,552	644,499,200	223,769,200	11,196,818,873	32,138,774	11,228,957,647	1,255,927,713	N/A	13,469,104,644
2011	226,612,417	8,074,315,307	594,783,500	37,505,720	1,236,692,452	627,479,200	218,177,404	11,015,566,000	30,259,289	11,045,825,289	1,240,646,048	N/A	12,821,727,118

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

\* Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

N/A Not Applicable

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Warren County Tax Assessor

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS, COUNTY OF WARREN  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2011		% of Total County Net Assessed Value
	Taxable Assessed Value	Rank	

INFORMATION IS NOT AVAILABLE

Taxpayer	2002		% of Total District Net Assessed Value
	Taxable Assessed Value	Rank	

INFORMATION IS NOT AVAILABLE

## Exhibit J-9

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
COUNTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 3,400,000	\$ 3,400,000	100.00%	\$ -0-
2004	3,612,748	3,612,748	100.00%	-0-
2005	3,819,254	3,819,254	100.00%	-0-
2006	3,872,866	3,872,866	100.00%	-0-
2007	4,012,290	4,012,290	100.00%	-0-
2008	3,978,054	3,978,054	100.00%	-0-
2009	3,995,172	3,995,172	100.00%	-0-
2010	3,995,172	3,995,172	100.00%	-0-
2011	3,995,172	3,995,172	100.00%	-0-
2012	3,995,172	3,995,172	100.00%	-0-

<sup>a</sup> School taxes are collected by the County Treasurer. Under New Jersey State Statute, a County is required to remit to the vocational school district the entire County tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: School District records

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST EIGHT FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases						
2005	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	0.0000%	\$ -0-
2006	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-
2007	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-
2008	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-
2009	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-
2010	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-
2011	-0-	-0-	-0-	-0-	-0-	-0-	-0-	0.0000%	-0-
2012	-0-	-0-	37,376	-0-	-0-	-0-	37,376	0.0008%	0.34

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during this fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS  
UNAUDITED

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Warren County Per Capita Personal Income<sup>b</sup></u>	<u>Total County Personal Income<sup>c</sup></u>	<u>Unemployment Rate<sup>d</sup></u>
2003	108,349	\$ 34,554	\$ 3,743,891,346	5.70%
2004	108,748	35,611	3,872,625,028	3.80%
2005	109,167	36,943	4,032,956,481	3.80%
2006	109,450	39,492	4,322,399,400	4.10%
2007	109,684	41,864	4,591,810,976	3.70%
2008	109,897	43,827	4,816,455,819	5.00%
2009	109,638	43,071	4,722,218,298	8.80%
2010	108,671	44,183	4,801,410,793	9.10%
2011	108,339	44,183 *	4,786,742,037	8.40%
2012	108,339 **	44,183 *	4,786,742,037 ***	N/A

\* - Latest Warren County per capita personal income available (2010) was used for calculation purposes.

\*\* - Latest population data available (2011) was used for calculation purposes.

\*\*\* - Latest available population data (2011) and latest available Warren County per capita personal income (2010) was used for calculation purposes

N/A - Information unavailable.

Source: <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Per Capita Personal Income provided by the NJ Dept of Labor and Workforce Development

<sup>c</sup> Total County personal income estimated based upon population times County per capita personal income

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS, COUNTY OF WARREN  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>Employer</u>	<u>Employees</u>	<u>2011</u>	
		<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>

INFORMATION IS NOT AVAILABLE

<u>Employer</u>	<u>Employees</u>	<u>2002</u>	
		<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>

INFORMATION IS NOT AVAILABLE

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST EIGHT FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Instruction:</b>								
Regular	16.8	19.3	21.0	19.2	22.0	25.0	29.0	34.0
Vocational	20.5	18.5	19.0	14.8	15.0	17.0	22.0	17.0
Adult/Continuing Education Programs	3.0	3.0	3.0	3.0	3.0	3.0	3.0	6.0
<b>Support Services:</b>								
Student and Instruction Related Services	8.0	7.5	8.5	9.0	9.0	7.0	7.0	7.0
School Administrative Services	3.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
General Administrative Services	5.5	5.0	5.5	6.0	6.0	6.0	6.0	6.0
Central Services	2.8	2.8	3.0	3.0	3.0	4.0	4.0	4.0
Plant Operations and Maintenance	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0
Special Schools	2.2	3.4	4.0	4.0	1.0	1.0	1.0	1.0
<b>Total</b>	<u>70.0</u>	<u>69.5</u>	<u>74.0</u>	<u>69.0</u>	<u>69.0</u>	<u>73.0</u>	<u>81.0</u>	<u>84.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST EIGHT FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>d</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio High School</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	404.5	\$ 6,765,653	\$ 16,726	-6.05%	57	1:7	404.5	382.9	14.33%	94.66%
2006	409.0	6,731,383	16,458	-1.60%	36	1:12	409.0	380.0	1.11%	92.91%
2007	417.0	7,529,116	18,055	9.70%	46	1:9.7	417.0	395.4	1.96%	94.82%
2008	446.0	7,689,436	17,241	-4.51%	48	1:9.3	446.0	400.0	6.95%	89.69%
2009	449.0	7,923,430	17,647	2.35%	49	1:9.1	429.2	407.6	-3.77%	94.97%
2010	456.0	7,885,349	17,292	-2.01%	47	1:10.9	441.2	415.2	2.80%	94.11%
2011	469.0	7,883,057	16,808	-2.80%	47	1:10	454.7	429.7	3.06%	94.50%
2012	456.0	8,044,939	17,642	4.96%	44	1:10.4	443.1	420.6	-2.55%	94.92%

Note: Enrollment based on annual October district count.

- <sup>a</sup> Operating expenditures equal total expenditures less debt service, capital outlay and special schools.  
<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.  
<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).  
<sup>d</sup> Cost per pupil represents operating expenditures divided by enrollment. This cost per pupil may be different from other cost per pupil calculations.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Sources: School District records

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST EIGHT FISCAL YEARS  
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Buildings</u>								
High School								
Square Feet	151,926	151,926	151,926	151,926	151,926	151,926	151,926	151,926
Capacity (students)	484	484	484	484	484	484	484	484
Enrollment	405	409	417	446	449	456	469	456
Board Office								
Square Feet	5,046	5,046	5,046	5,046	5,046	5,046	5,046	5,046
Number of Schools at June 30, 2012								
High School = 1								

Note: Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during during the fiscal year ending June 30, 2006.

Source: School District Facilities Office

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities  
Account # 11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High</u> <u>School</u>	<u>Board</u> <u>Office</u>	<u>Total</u>
2003	\$ 178,152	\$ 9,376	187,528
2004	184,276	9,699	193,975
2005	238,311	11,643	249,954
2006	182,678	9,615	192,293
2007	180,983	9,525	190,508
2008	273,907		273,907
2009	357,512		357,512
2010	393,619		393,619
2011	362,773		362,773
2012	402,626		402,626

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: School District records.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey School Boards' Association Insurance Group		
Property Section:		
Blanket Building and Contents	\$ 27,925,917	\$ 5,000
Flood Coverage	10,000,000	10,000
Liability Section:		
Comprehensive General Liability	11,000,000	
Automobile Liability	11,000,000	
Employee Benefit Liability	11,000,000	1,000
Workers' Compensation:		
Statutory Benefits	As Required by the State of New Jersey	
School Leaders Professional Liability/Employment Practices Liability		
Per Claim/Aggregate Per Member	11,000,000	5,000
Per Occurrence	11,000,000	5,000
Employers' Liability:		
Per Occurrence/Aggregate	2,000,000	
Crime:		
Employee Dishonesty	250,000	1,000
Forgery or Alteration	100,000	500
Money and Securities:		
Inside	100,000	500
Outside	100,000	500
Public Official Bond - Selective Insurance:		
Treasurer of School Monies	200,000	
Board Secretary/Business Administrator	200,000	

Source: District's Insurance Agent

**SINGLE AUDIT SECTION**



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 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
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 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report on Internal Control over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members  
 of the Board of Education  
 Warren County Vocational-Technical School District  
 County of Warren, New Jersey

We have audited the financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Warren County Vocational-Technical School, in the County of Warren (the "Board"), a component unit of the County of Warren, as of, and for the fiscal year ended, June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members  
of the Board of Education  
Warren County Vocational-Technical School District  
Page 2

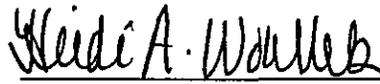
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in a separate report, the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance*, dated November 26, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 26, 2012  
Mount Arlington, New Jersey

NISIVOCCIA LLP



Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant



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**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04**

The Honorable President and Members  
 of the Board of Education  
 Warren County Vocational-Technical School District  
 County of Warren, New Jersey

**Compliance**

We have audited the compliance of the Board of Education of the Warren County Vocational-Technical School in the County of Warren (the "Board"), a component unit of the County of Warren, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

**Internal Control Over Compliance**

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

The Honorable President and Members  
of the Board of Education  
Warren County Vocational-Technical School District  
Page 2

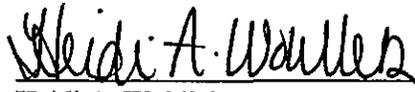
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 26, 2012  
Mount Arlington, New Jersey

NISIVOCCIA LLP

  
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Heidi A. Wohlleb  
Licensed Public School Accountant #2140  
Certified Public Accountant

**WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Adjustment	Cancellation of Prior Year Encumbrance Payable	Balance at June 30, 2012		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<b>U.S. Department of Agriculture</b>														
Passed-through State Department of Education:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	\$ 14,691			\$ 14,691	\$ (13,515)				\$ 1,176		
Food Distribution Program	10.555	N/A	7/1/10-6/30/11	10,682		\$ 1,254		(1,254)						
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	51,189			43,206	(51,189)			\$ (7,983)			
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	42,557	\$ (3,205)		3,205							
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	8,376			8,077	(8,376)			(299)			
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	7,905	(768)		768							
Total Child Nutrition Cluster					(3,973)	1,254	69,947	(74,334)				(8,282)	1,176	
Total U.S. Department of Agriculture					(3,973)	1,254	69,947	(74,334)				(8,282)	1,176	
<b>U.S. Department of Education</b>														
<b>General Fund:</b>														
Passed-through State Department of Education:														
Education Jobs Fund	84.410	N/A	8/1/10-9/30/12	109,220			89,973	(102,055)				(12,082)		
Total General Fund							89,973	(102,055)				(12,082)		
<b>Special Revenue Fund:</b>														
Rural Education Achievement Program	84.358A	S358A107754	7/1/11-9/30/12	38,901			38,901	(38,901)						
Rural Education Achievement Program	84.358A	S358A107754	7/1/10-9/30/11	44,687	(19,813)		22,864	(3,051)						
Total Rural Education Achievement Program					(19,813)		61,765	(41,952)						
Passed-through State Department of Education:														
IASA Consolidated:														
Title IV	84.186	IASA546000C	9/1/99-8/31/00	1,075		\$ 291							\$ 291	
No Child Left Behind:														
Title I	84.010A	NCLB546012C	9/1/11-8/31/12	105,884			31,935	(38,848)				(6,913)		
Title I	84.010A	NCLB546011C	9/1/10-8/31/11	32,549	(1,501)		1,035		\$ 466					
Title I	84.010A	NCLB546009C	9/1/08-8/31/09	23,890		644							644	
ARRA - Title I	84.389	NCLB536011	7/1/09-8/31/11	10,879	(2,720)		2,720							
Total Title I					(4,221)	644	35,690	(38,848)	466			(6,913)	644	
Title IIA	84.367A	NCLB546012C	9/1/11-8/31/12	20,950			1,500	(1,500)						
Title IIA	84.367A	NCLB546011C	9/1/10-8/31/11	10,694	(2,665)				2,665					
Title IIA	84.367A	NCLB546009C	9/1/08-8/31/09	18,379		3,980							3,980	
Total Title IIA					(2,665)	3,980	1,500	(1,500)	2,665				3,980	
Title IID	84.318X	NCLB546009C	9/1/08-8/31/09	373	(91)				91					
Title IV	84.186A	NCLB546011C	9/1/10-8/31/11	247		1				(1)				
Title V	84.298A	NCLB546009C	9/1/08-8/31/09	471			56						56	
Carl D. Perkins Secondary	84.048	PERK546012	7/1/11-6/30/12	36,044			8,989	(36,044)				(27,055)		
Carl D. Perkins Secondary	84.048	PERK546011	7/1/10-6/30/11	46,860	(1,591)		2,371		(807)	\$ 27				
Carl D. Perkins Secondary	84.048	PERK546010	7/1/09-6/30/10	50,376										
Carl D. Perkins Secondary	84.048	PERK546009	7/1/08-6/30/09	83,701		640							640	
Carl D. Perkins Secondary	84.048	PERK546008	7/1/07-6/30/08	39,874		176							176	
Carl D. Perkins Post Secondary	84.048	PERK546012	7/1/11-6/30/12	93,980			77,829	(93,980)				(16,151)		
Carl D. Perkins Post Secondary	84.048	PKPSS46009	7/1/08-6/30/09	83,454		2,450							2,450	
Carl D. Perkins Post Secondary	84.048	PKPSS46008	7/1/07-6/30/08	83,454			8,019						8,019	
Total Carl D. Perkins					(1,591)	11,287	89,189	(130,024)	(807)	27		(43,206)	11,287	

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Cash Received	Budgetary Expenditures	Adjustment	Cancellation of Prior Year Encumbrance Payable	Balance at June 30, 2012		
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education:</b>														
Tech Prep Associate Degree	84.243	10-100-034-5060-054	9/1/09-8/31/10	\$ 95,670			\$ 517							\$ 517
Total Tech Prep Associate Degree							517							517
<b>Special Education Cluster:</b>														
I.D.E.A. Part B, Basic	84.027	IDEA546012	9/1/11-8/31/12	109,277			\$ 50,522	\$ (54,082)				\$ (3,560)		
I.D.E.A. Part B, Basic	84.027	IDEA546011	9/1/10-8/31/11	106,041		\$ 501	52,720	(53,221)						
I.D.E.A. Part B, Basic	84.027	IDEA546010	9/1/09-8/31/10	102,842	\$ (15,780)		15,780							
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA546011	7/1/09-8/31/11	99,443	(28,533)		22,251		\$ 6,282					
Total Special Education Cluster					(44,313)	501	141,273	(107,303)	6,282			(3,560)		
<b>Passed Through State Department of Labor and Workforce Development:</b>														
Adult Basic Skills Education	84.002	ABS-14-12-37	7/1/11-6/30/12	81,215			45,908	(81,200)				(35,292)		
Adult Basic Skills Education	84.002	ABS-14-11-37	7/1/10-6/30/11	116,200	(32,353)		35,844							3,491
Adult Basic Skills Education	84.002	ABS-14-10-37	7/1/09-6/30/10	116,200	(2,835)		2,835							
Adult Basic Skills Education	84.002	ABS-14-09-37	7/1/08-6/30/09	116,200			320							320
Adult Basic Skills Education	84.002	ABS-14-06-37	7/1/05-6/30/06	150,000			1,069							1,069
Adult Basic Skills Education	84.002	N/A	7/1/04-6/30/05	107,800			5,222							5,222
					(35,188)		6,611	84,587	(81,200)			(35,292)		10,102
Total U.S. Department of Education					(107,882)	502	23,386	503,977	(502,882)	8,696	\$ 27	(101,053)		26,877
<b>U.S. Department of Labor:</b>														
<b>(Passed Through Morris County Private Industry Council):</b>														
Job Training Partnership Act: Summer Youth Employment and Training Program	17.250	6030-OOW-IIB	7/6/99-7/30/99	29,381			5							5
Total U.S. Department of Labor							5							5
Total Federal Awards					\$ (111,855)	\$ 1,756	\$ 23,391	\$ 573,924	\$ (577,216)	\$ 8,696	\$ 27	\$ (109,335)	\$ 1,176	\$ 26,882

N/A - Not Available/Applicable

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2012		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Budgetary Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>NJ Department of Education:</b>												
<u>General Fund State Aid:</u>												
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 2,672,943			\$ 2,407,092	\$ (2,672,943)				\$ (265,851)	\$ 2,672,943
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	248,774			224,031	(248,774)				(24,743)	248,774
Categorical Security Aid	12-495-034-5120-084	7/1/10-6/30/12	11,313			10,188	(11,313)				(1,125)	11,313
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	242,383			242,383	(242,383)					242,383
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	2,508,911	\$ (248,402)		248,402						2,508,911
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	248,774	(24,631)		24,631						248,774
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	228,377	(11,660)		11,660						228,377
<b>Total General Fund State Aid</b>				<b>(284,693)</b>		<b>3,168,387</b>	<b>(3,175,413)</b>				<b>(291,719)</b>	<b>6,161,475</b>
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	1,758			1,707	(1,758)		\$ (51)		(51)	1,758
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	1,673	(134)		134						1,673
<b>Total Enterprise Fund</b>				<b>(134)</b>		<b>1,841</b>	<b>(1,758)</b>		<b>(51)</b>		<b>(51)</b>	<b>3,431</b>
<u>Special Revenue Fund State Aid:</u>												
Extraordinary Student Incentive: Cosmetology	N/A	7/1/07-6/30/08	20,000		\$ 148					\$ 148		19,846
<b>Total Special Revenue Fund Aid from Department of Education</b>					<b>148</b>					<b>148</b>		<b>19,846</b>
<b>Total NJ Department of Education</b>				<b>(284,827)</b>	<b>148</b>	<b>3,170,228</b>	<b>(3,177,171)</b>		<b>(51)</b>	<b>148</b>	<b>(291,770)</b>	<b>6,184,752</b>
<b>NJ Department of Labor and Workforce Development:</b>												
Apprenticeship Coordinator	N/A	7/1/11-6/30/12	11,598			6,938	(10,323)		(3,385)		(3,385)	10,323
Apprenticeship Coordinator	N/A	7/1/10-6/30/11	11,140		66					66		10,181
Apprenticeship Coordinator	N/A	7/1/09-6/30/10	14,271		1,158					1,158		13,113
Apprenticeship Coordinator	N/A	7/1/08-6/30/09	13,458		2,490					2,490		10,968
Passed-through Hunterdon County Vocational School District:												
Youth Transition to Work	N/A	11/1/11-9/30/12	26,343			59	(5,315)		(5,256)		(5,256)	5,315
Youth Transition to Work	N/A	11/1/10-9/30/11	28,649	(2,447)		16,842	(14,395)					16,842
<b>Total Department of Labor and Workforce Development - Special Revenue Fund</b>				<b>(2,447)</b>	<b>3,714</b>	<b>23,839</b>	<b>(30,033)</b>		<b>(8,641)</b>	<b>3,714</b>	<b>(8,641)</b>	<b>66,742</b>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2012		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Budgetary Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Health and Senior Services:												
REBEL School Based Tobacco Prevention Initiative	N/A	7/1/09-6/30/10	\$ 1,200	\$ (350)				\$ 350				\$ 1,200
REBEL School Based Tobacco Prevention Initiative	N/A	7/1/08-6/30/09	1,000	(94)				94				1,000
REBEL School Based Tobacco Prevention Initiative	N/A	7/1/06-6/30/07	3,000		\$ 51					\$ 51		2,949
Total NJ Department of Health and Senior Services - Special Revenue Fund				(444)	51			444		51		5,149
Total Special Revenue Fund				(2,891)	3,913	\$ 23,839	\$ (30,033)	444	\$ (8,641)	3,913	\$ (8,641)	91,737
Total State Awards				\$ (287,718)	\$ 3,913	\$ 3,194,067	\$ (3,207,204)	\$ 444	\$ (8,692)	\$ 3,913	\$ (300,411)	\$ 6,256,643

N/A - Not Available/Applicable

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren County Vocational-Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$18,686) for the General Fund and \$9,507 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the Special Revenue Fund. Additionally, the schedule of expenditures of state awards does not include the TPAF On-Behalf Contributions and Post Retirement Contributions revenue of \$101,918 and \$204,883 respectively. Awards and revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 102,055	\$ 3,463,528	\$ 3,565,583
Special Revenue Fund	409,142	31,225	440,367
Enterprise Fund - Food Service Fund	74,334	1,758	76,092
Total Federal and State Awards	<u>\$ 585,531</u>	<u>\$ 3,496,511</u>	<u>\$ 4,082,042</u>

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2012.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following awards:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/11-8/31/12	\$ 109,277	\$ 54,082
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	106,041	53,221
Carl D. Perkins Secondary	84.048	7/1/11-6/30/12	36,044	36,044
Carl D. Perkins Post Secondary	84.048	7/1/11-6/30/12	93,980	93,980
Education Jobs Fund	84.410	8/1/10-9/30/12	109,220	102,055
<u>State:</u>				
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	2,673,943	2,673,943
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	248,774	248,774
Categorical Security Aid	12-495-034-5120-084	7/1/11-6/30/12	11,313	11,313

- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular for state programs but not for federal programs.
- The threshold for determining Type A and B federal and state programs was \$300,000.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey OMB's Circular 04-04 were \$500,000.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

WARREN COUNTY VOCATIONAL-TECHNICAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.